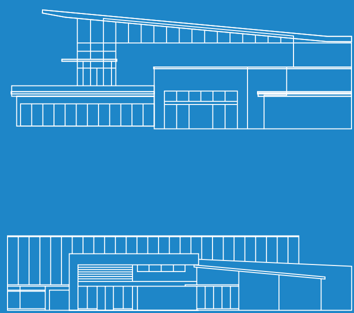
npt

Interim Report
For the six months
ended 30 September 2017



Optimised Property Investments

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> The Board and Management have given considerable focus to reviewing the business and evaluating various opportunities for growth.

NPT Chairman's Report

On behalf of the Board of Directors of NPT Limited ('NPT'), I am pleased to present the 2017 Interim Report. Our results for the six months ending 30 September 2017 are in line with our expectations.

Summary of Results

Of particular interest to shareholders will be the fact that our net profit before tax increased by 6.35% over the same period last year. Although this was tempered somewhat by a higher tax charge that resulted in a lower after tax profit, it shows that improvements are being made.

More details of our results are set out in the CEO Report and our financial statements

Dividend Distribution

Shareholders will receive a cash dividend of 0.90 cents per share for the quarter ended 30 September 2017, with Imputation Credits of 0.1544 cents per share attached. That brings the total distribution for the year to date to 1.80 cents per share.

The record date will be 5pm on 13 December 2017, with payment being made on 10 January 2018.

Board Appointments

We are pleased to note that Carol Campbell was reappointed to the Board by Shareholders at the annual meeting in August. It is of significant value to the Board to have Carol provide continuity and to fulfil the role of Chair of the Audit and Risk Committee.

Our intention is that NPT grow by investing in property assets where there are discernible opportunities to add value and improve yields.

Looking Ahead

As you will know, Allen Bollard, Paul Duffy and myself joined Carol Campbell on the Board in April this year.

Since then, the Board and Management have given considerable focus to reviewing the business and evaluating various opportunities for growth.

Some of the options we have considered include purchasing a substantial property portfolio, externalisation of management and forming strategic partnerships, together with combinations of these options and others.

The Board has now refined the options to the extent that a preferred strategy is developing. We expect to be in a position to share more detail on this in the near future. What we can say though is that it is our intention that NPT grow by investing in property assets where there are discernible opportunities to add value and improve yields.

Proposal to Externalise Management

While we continue to evaluate various opportunities, consideration has also been given to whether externalisation of management may enable us to achieve our objectives, including greater scale, more quickly. This is because it affords us access to significant resources that are well beyond our own limited internal resources.

The result of considering external management is that we have entered into an agreement in principle with Augusta Capital Limited on the key terms of a management agreement. At this stage, the agreement in principle is non-binding and subject to a number of conditions being met including due diligence by both parties, negotiation of the detailed terms of the management agreement and the approval of our Shareholders.

Should the conditions be satisfied and the management agreement proceed in its current form, the key terms include:

- NPT will receive a one-off payment of $4.5m from Augusta.
- The agreement will be for no less than five years (unless terminated by either party for cause) and thereafter shall continue until NPT exercises its right to discontinue, which would require a resolution of shareholders.
- The fees charged under the management agreement will be in line with sector benchmarks.

The process to move from the current agreement in principle to finalised documents that can be put before Shareholders for consideration could take six to ten weeks from now, although the Christmas period may interrupt this process to a small extent.

We will update Shareholders as soon as possible.

Bruce Cotterill

Chairman

Chief Executive's Report

Whilst working with the Board on plans for the future of NPT and assessing new opportunities, we have also maintained our focus on meeting profit forecasts and enhancing the value of existing assets.

We have made steady progress against our objectives, while facing challenges in leasing vacant space at Eastgate Shopping Centre and Print Place.

Some highlights of our financial results are:

- Net profit before tax increased by 6.35% to $3.066m, from $2.883m in September 2016.
- Net profit after tax decreased by 4.74% to $2.411m, from $2.531m in September 2016.
- Gross rental increased by 2.62% to $8.647m, from $8.426m in September 2016.

Our March 2017 valuations were maintained in this period on the basis that there were no material changes in value. Full revaluations will be undertaken at the end of the current year which will also take into account some capital projects undertaken throughout the year.

On a property-by-property basis, we provide the following updates for your information.

Eastgate Shopping Centre

Cnr Buckleys Road & Linwood Avenue, Christchurch

Net lettable area
26,870m²

Market value
$59.5m

Occupancy
95.92%

WALT
4.2 years

As is widely acknowledged the retail sector is under pressure. We have experienced some retailers failing over the last two years, particularly in the fashion area. This pressure requires us to be constantly focussed on new ideas for Eastgate, including targeted expansion of Eastgate's food and alternate services categories.

On the positive side, our anchor tenants - The Warehouse, Warehouse Stationery and Countdown - continue to trade well within the centre. The wide range of social and medical services available further underpins the performance of Eastgate.

Recognising that we needed to bring in additional specialist expertise, we engaged Colliers International to assist us in running the centre.

The Colliers International team are the largest, independent specialist manager of shopping centres in New Zealand and this relationship gives us access to a dedicated team of leasing, marketing and operational experts. The majority of this expertise is based in Christchurch which provides close support for centre management staff.

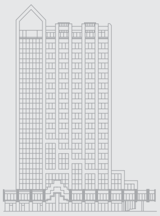
We are confident that, with Colliers International's assistance, Eastgate's financial performance will improve over time.

Official mall of the CRUSADERS

the loft Ki te Tihi Community Wellbeing Services

eastgate shop easy

AA Centre



99 Albert Street, Auckland

Net lettable area
12,205m²

Market value
$40.85m

Occupancy
99.47%

WALT
2.0 years

Although we had considered that the AA Centre presented opportunities to add further value over time, the departure of AA Insurance from six floors planned for March 2018 posed significant challenges.

To maximise value we would have needed to undertake extensive capital investment, at the same time as incurring the loss of rental revenue.

Although manageable, the Board took the view that SkyCity's offer to purchase this property would allow NPT to utilise the proceeds from the sale to invest in other property assets to add value and improve returns.

Having negotiated a relatively long settlement period, we are able to maintain our distributable profit position for FY18 and into FY19 while we seek to replace this asset.

Heinz Wattie's National Distribution Centre

113 Elwood Road, Hastings

Net lettable area
60,059m²

Market value
$27.0m

Occupancy
100.0%

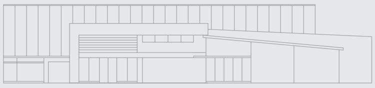
WALT
9.3 years

This property continues to perform well as a key part of the Heinz Wattie's logistics chain.

The property is strategically located immediately adjacent to Heinz Wattie's Tomoana factory.

Discussions are ongoing with Kraft Heinz in respect of potential expansion.

22 Stoddard Road



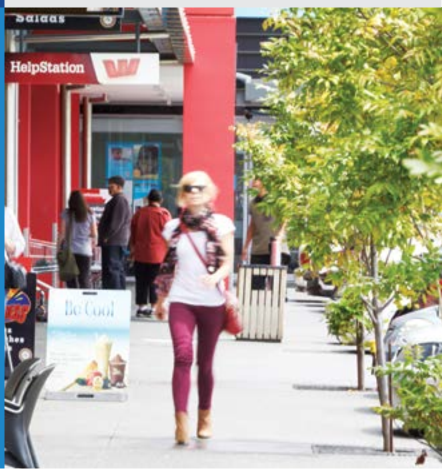
22 Stoddard Road, Mt Roskill, Auckland

Net lettable area
8,412m²

Market value
$36.0m

Occupancy
100.00%

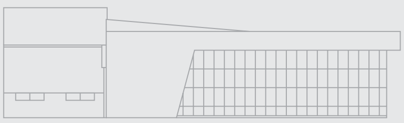
WALT
4.4 years



We continue to enjoy full occupancy at 22 Stoddard Road.

Anchored by The Warehouse, we are fortunate to have a very good mix of goods and services on offer. This is a real strength of the property, as is the location in an established catchment.

Print Place



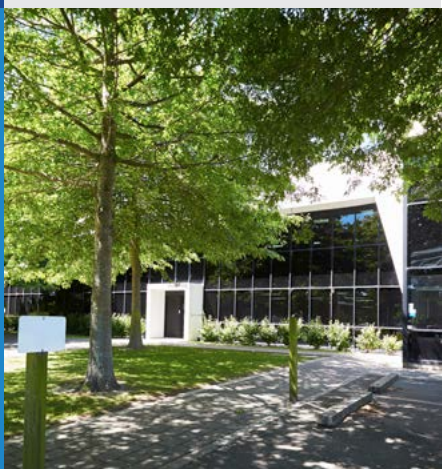
17 Print Place, Middleton, Christchurch

Net lettable area
12,388m²

Market value
$11.0m

Occupancy
78.51%

WALT
1.1 years



Having come to the view that this property no longer fits with where the Board sees NPT being positioned in the future, the decision has been made to sell if an acceptable price can be achieved.

In the meantime, we are still actively seeking tenants for the vacant space.

Tony Osborne
Chief Executive Officer

The Leadership Team

Board of Directors

Bruce Cotterill
Chairman, Non-Executive Independent Director

Bruce Cotterill joined the Board of NPT in April 2017.

Bruce is an experienced CEO, Chairman and Company Director, who has excelled in a number of sectors and in a range of extremely demanding roles in businesses going through major transformation brought about by financial performance, structural change and cultural issues.

As a CEO he has lead real estate group Colliers, both in New Zealand and Australia, Kerry Packer's ACP Magazines, and iconic New Zealand sportswear company Canterbury International. As CEO of Yellow Pages Group he was appointed to lead that Company through a period of dramatic change, including the restructure of the Company's $1.8 billion of debt.

Bruce was Chairman of Noel Leeming Group for 8 years until that Company's sale to The Warehouse, and he is currently Chairman of both MOVE Logistics Limited, and Swimming New Zealand.

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 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, New Zealand Post, NZME and the Fisher Listed Investment companies – Kingfish, Barramundi and Marlin Global, where she is also Chair of the Audit and Risk Committee. She is also a Director of Kiwibank and Chair of Ronald McDonald House Charities in New Zealand.

Carol was a Director of The Business Advisory Group for 11 years, a Chartered Accountancy Practice, and prior to that a partner at Ernst & Young for over 25 years.

Paul Duffy
Non-Executive Director

Paul Duffy has over 35 years' experience in the property investment/development industry, including CEO/executive director of DNZ Property Fund (now named Stride Property) for 13 years.

During his career, Paul held the position of General Manager of Fletcher Property Limited and was Joint Managing Director of US Real Estate Subsidiaries for the Abu Dhabi Investment Authority. In this role he oversaw the formation of a large real estate portfolio in the United States and Europe.

Paul is currently a Director of a number of private companies.

Paul is the chairman of Augusta Capital and Augusta Funds Management.

Allen Bollard
Non-Executive Independent Director

Allen has a long background in accounting, business analysis, risk management, tax, and finance, mostly in property and construction.

Starting as a partner in a major accounting firm, he was then CFO for three listed property companies and for ten years was CEO/CFO of Tramco Group, which managed and financed several large privately held leasehold land owning partnerships including Viaduct Harbour Holdings, Tram Lease, Quay Lease, Kiwi Forests, Wairakei Pastoral and Calland Properties Ltd.

He is now an independent business and finance consultant and Director, still advising Tramco and is an independent trustee for the Wyborn and Green families. He is the Government approved independent director of Tamaki Makaurau Community Housing Joint Venture and Chair of the Odyssey House Board of Trustees.

Executive Management

Tony Osborne
Chief Executive Officer

Tony joined NPT in February 2014 as General Manager Property.

He has over 25 years experience in property and construction across such asset classes as retail, commercial, industrial, medical and education.

Prior to NPT, Tony was Manager Property at Port Marlborough NZ for five years, where he created a commercial property business within the wider port business by initiating a successful property development programme that provided purpose-built facilities for a range of customers.

Tony was appointed to the CEO role in an acting capacity in March 2016. This appointment was confirmed in August 2016.

2017 Interim Financials

FINANCIAL STATEMENTS
For the six months ended 30 September 2017

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

	NOTE	UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Gross Rental Income		8,647	8,425
Other Income		4	1
Total Income		**8,651**	**8,426**
Direct Property Operating Expenses	6	(2,542)	(2,741)
Net Finance Costs	7	(1,442)	(1,293)
Administration Expenses	8	(1,105)	(1,003)
Net Loss on Sale of Plant and Equipment	14	-	(87)
Unrealised Loss in Fair Value of Interest Rate Swaps	10	(36)	(420)
Transaction Costs	23	(460)	-
Total Expenses		**(5,585)**	**(5,544)**
Profit Before Income Tax		3,066	2,883
Income Tax Expense		(655)	(352)
Net Profit After Taxation		**2,411**	**2,531**
Other Comprehensive Income		-	-
Total Comprehensive Income		**2,411**	**2,531**
Earnings Per Share			
		Cents Per Share	
Basic and Diluted Earnings Per Share	22	1.49	1.56

The notes set out on pages 14 to 28 form part of, and should be read in conjunction with, the financial statements.

Interim Consolidated Statement of Changes in Shareholders' Funds

For the six months ended 30 September 2017

	NOTE	UNAUDITED CONTRIBUTED CAPITAL $000	UNAUDITED RESERVES $000	UNAUDITED ATTRIBUTABLE TO OWNERS OF THE GROUP $000
Shareholders' Funds at 1 April 2016 (audited)		134,089	(14,297)	**119,792**
Net Profit after Taxation		-	2,531	2,531
Distributions Paid and Payable to Shareholders	24	-	(2,873)	(2,873)
Shareholders' Funds at 30 September 2016		**134,089**	**(14,639)**	**119,450**
Shareholders' Funds at 1 April 2017 (audited)		134,089	(17,016)	**117,073**
Net Profit after Taxation		-	2,411	2,411
Distributions Paid and Payable to Shareholders	24	-	(2,916)	(2,916)
Shareholders' Funds at 30 September 2017		**134,089**	**(17,521)**	**116,568**

The notes set out on pages 14 to 28 form part of, and should be read in conjunction with, the financial statements.

Interim Consolidated Statement of Financial Position

As at 30 September 2017

	NOTE	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Current Assets			
Cash and Cash Equivalents		1,061	2,030
Trade and Other Receivables	11	128	462
Prepayments		375	616
Investment Property Held for Sale	12	44,690	-
Total Current Assets		**46,254**	**3,108**
Non-Current Assets			
Investment Properties	12	135,861	178,173
Plant & Equipment	14	1,127	1,068
Total Non-Current Assets		**136,988**	**179,241**
Total Assets		**183,242**	**182,349**
Current Liabilities			
Trade and Other Payables	15	1,472	2,589
Tax Payable		243	296
Total Current Liabilities		**1,715**	**2,885**
Non-Current Liabilities			
Bank and Other Loans	16	61,000	58,500
Deferred Tax Liability	17	3,004	2,972
Interest Rate Swaps	10	955	919
Total Non-Current Liabilities		**64,959**	**62,391**
Shareholders' Funds			
Contributed Capital	18	134,089	134,089
Reserves	19	(17,521)	(17,016)
Total Shareholders' Funds		**116,568**	**117,073**
Total Shareholders' Funds and Liabilities		**183,242**	**182,349**

The Board of NPT Limited approved the financial statements for issue on 29 November 2017.

Bruce Cotterill
Chairman

Carol Campbell
Chair Audit and Risk Committee

The notes set out on pages 14 to 28 form part of, and should be read in conjunction with, the financial statements.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	NOTE	UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Cash Flows from Operating Activities			
Cash was provided from/(applied to):			
Gross Rental Income		9,213	8,350
Interest Income		22	39
Taxation Paid		(676)	(661)
Other Income		138	150
Operating Expenses		(4,839)	(3,109)
Interest Expense		(1,430)	(1,299)
Net Cash Inflow from Operating Activities		**2,428**	**3,470**
Cash Flows from Investing Activities			
Cash was provided from/(applied to):			
Fixed Assets		(144)	(284)
Capital Expenditure on Investment Properties		(2,837)	(7,586)
Net Cash (Outflow) from Investing Activities		**(2,981)**	**(7,870)**
Cash Flows from Financing Activities			
Cash was provided from/(applied to):			
(Repayment)/Drawdown of Bank and Other Loans (Secured)		2,500	7,500
Distributions made to Shareholders	24	(2,916)	(2,873)
Net Cash (Outflow)/Inflow from Financing Activities		**(416)**	**4,627**
Net Increase/(Decrease) in Cash and Cash Equivalents		(969)	227
Cash and Cash Equivalents at Beginning of Period		2,030	3,101
Cash and Cash Equivalents at the End of the Period		**1,061**	**3,328**

Reconciliation of Net Profit to Net Cash Flow from Operating Activities

Net Profit after Taxation	2,411	2,531
Items Classified as Investing or Financing Activities:		
Unrealised (Gain)/Loss in Fair Value of Investment Properties		
Transaction Costs	460	-
Loss on Sale of Plant and Equipment	-	87
Unrealised Loss in Fair Value of Interest Rate Swaps	36	420
Movement in Deferred Taxation	32	(201)
Movements in Working Capital Items:		
Accounts Receivable and Prepayments	574	327
Trade and Other Payables	(1,117)	357
Taxation Payable	(53)	(109)
Non-Cash Item		
Depreciation	85	58
Net Cash Inflow from Operating Activities	**2,428**	**3,470**

The notes set out on pages 14 to 28 form part of, and should be read in conjunction with, the financial statements.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2017

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 investing in industrial, retail and commercial property in New Zealand.

02. Statement of Compliance and Basis of Preparation

These interim consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for a profit-orientated entity that falls into the Tier 1 for profit category as determined by the New Zealand Accounting Standards Board.

The interim consolidated financial statements also comply with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board.

The accounting policies below have been applied consistently to all periods presented in these interim consolidated financial statements.

These interim consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements set out in section 7 of the Financial Markets Conduct Act 2013 and the Main Board Listing Rules of the NZX. The interim consolidated financial statements comply with the New Zealand Equivalent to International Accounting Standard NZ IAS 34 and IAS 34 "Interim Financial Reporting".

Basis of Measurement

The interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of investment properties and certain financial instruments. They are the same accounting policies as were applied for the year ended 31 March 2017 consolidated financial statements.

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, therefore ensuring that the substance of the underlying transactions or other events are reported.

Functional and Presentation Currency

The interim consolidated financial statements are presented in New Zealand Dollars (NZD), which is the Group's functional currency, rounded to the nearest thousand dollars (000's) except in certain notes where disclosure may be to the dollar.

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

In the application of NZ IFRS, management are 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 these Interim Consolidated Financial Statements are described in the following notes:

(i) Investment Properties - Note 12

(ii) Deferred Tax - Note 17

03. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements.

Basis of Consolidation

(a) Subsidiaries

The interim consolidated financial statements incorporate the assets, liabilities, equity, revenue, expenses and cash flows of entities controlled by NPT Limited at the end of the reporting period or from time to time during the reporting period. A controlled entity is any entity over which NPT Limited has the power to direct relevant activities, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of investor return.

Consistent accounting policies are employed in the preparation and presentation of the interim consolidated financial statements.

Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

All material intra-group transactions, balances, income and expenses are eliminated on consolidation.

(b) 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 at each 31 March annual reporting date as determined by an independent registered valuer. As at 30 September 2017, the Board assessed each property on an individual basis and determined there was no material value change to the overall total portfolio with respect to the prior independent valuation performed at 31 March 2017. Investment properties are valued annually. The 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 each reporting date.

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

Subsequent expenditure is charged to the asset's 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 assets 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 Profit or Loss within the Consolidated Statement of Comprehensive Income in the period in which the disposal occurred.

(c) Fixed Assets

Each class of fixed assets is stated at cost less accumulated depreciation and any impairment. Any gains or losses arising from disposal of fixed assets are included in Profit and Loss within the Consolidated Statement of Comprehensive Income.

Depreciation

Depreciation is charged on a straight-line basis to write down the cost of fixed assets to its estimated residual value over its estimated useful life. Fixed assets residual values are reviewed annually.

Summary of rates used:-

Computer Equipment & Software	30% - 40%
Plant & Equipment	7% - 67%
Furniture & Fittings	8.5% - 30%
Lease Fitouts	8.40%

03. Significant Accounting Policies (continued)

(d) Operating Leases

(i) Group as Lessor

Property leases under which all the risks and rewards of ownership are effectively retained by the lessor (the Group) are classified as operating leases. Annual rental income and expenditure are included in Profit or Loss within the Consolidated Statement of Comprehensive Income on a systematic basis over the term of the lease.

(ii) Group as Lessee

Property leases are recognised as an expense on a straight line basis over the lease term.

(e) Lease Incentives

In the event lease incentives are provided to lessees, such incentives are recognised as an asset. The aggregate benefits provided are amortised to the Profit or Loss within Consolidated Statement of Comprehensive Income on the straight line basis over the period of the lease as a reduction in rental income, except where another systematic basis is more representative of the time pattern in which benefits provided are consumed.

(f) Impairment of Assets

Assets other than investment properties and deferred tax assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets (cash generating units).

(g) Borrowing Costs

Where the Group borrows funds generally and uses them to fund a qualifying asset, the amount of borrowing costs capitalised is determined by applying the capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of funding a qualifying asset.

Other borrowing costs are expensed when incurred and are recognised using the effective interest rate.

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents rental received and property expenses recovered in the normal course of business. The following specific recognition criteria must be met before revenue is recognised:

(i) Rental Income

Rental Income from Operating Leases is recognised on a straight line basis over the term of the relevant lease including any lease incentives.

(ii) Interest Income

Interest Income is recognised on an effective interest method.

(iii) Sale of Investment Properties/Non-Current Assets Held for Sale

Revenue on the sale of Investment Properties/Non-Current Assets Held for Sale is recognised when the risks and rewards have transferred to the buyer.

(iv) Property Management Income

Property management income is recognised on completion of service.

(i) Taxation

The tax expense recognised in the Profit or Loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

(i) Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent it is unpaid (or refundable).

03. Significant Accounting Policies (continued)

(i)Taxation (continued)

(ii) Deferred Tax

Deferred tax is calculated by using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences or unused tax losses and tax credits can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

If a deferred tax liability or asset arises from investment property that is measured at fair value, there is a rebuttable assumption that the carrying amount of the investment property will be recovered through sale. The presumption has not been rebutted.

The Group holds investment properties for the purpose of capital appreciation and rental income and therefore the measurement of any related deferred tax reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale.

In New Zealand there is no capital gains tax, therefore the tax consequences on sale will be limited to depreciation previously claimed for tax purposes (i.e. depreciation recovered).

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at reporting date. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(j) Goods and Services Tax (GST)

All items in the Statement of Financial Position are stated exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. All items in the Consolidated Statement of Comprehensive Income are stated exclusive of GST.

Cash flows are included in the Consolidated Statement of Cash Flow on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the taxation authority, are classified as an operating cash flow.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(l) Financial Instruments

Financial Assets and Financial Liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

(i) Accounts Receivable

Accounts Receivable are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in Profit and Loss within the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

03. Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

(ii) Accounts Payable

Accounts Payable are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

(iii) Equity Instruments

Equity Instruments issued by the Company are recorded as the proceeds are received, net of direct issue costs.

(iv) Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices as at each reporting date.

The fair value of derivative financial instruments is based on quoted market prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

The nominal value less estimated credit risk adjustments of accounts receivable and payable are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market vs. interest rate that is available to the Group for similar financial instruments.

(v) Loans and Borrowings

All loans and borrowings are initially recognised at fair value plus transaction costs. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs and any discount or premium on drawdown. Interest accrued on Loans and Borrowings is separately disclosed under Trade and Other Payables (refer Note 15).

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount of the financial instrument.

(vi) Derivative Financial Instruments

The Group's activities expose it primarily to the financial risk of changing interest rates. The Group therefore uses interest rate swap contracts to manage these exposures.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the reporting date. The gain/loss on re-measurement to fair value is recognized in Profit or Loss within the Consolidated Statement of Comprehensive Income.

In determining the fair value of derivatives, an adjustment would be made to reflect the creditworthiness of the counterparty, only if material.

(vii) Changes in Accounting Policy

A number of minor revisions and amendments to existing standards came into effect for the reporting period but none of these materially impacted the interim consolidated financial statements of the Group.

Where changes have been made to the presentation in the interim consolidated financial statements, comparatives have been reclassified in order to be consistent.

04. Standards and Interpretations on Issue not yet Adopted

The Group has elected not to early adopt the following standards, which have been issued by the International Accounting Standards Board and the New Zealand Accounting Standards Board.

NZ IFRS 9 Financial instruments (Effective from 1 January 2018)

The New Zealand Accounting Standards Board (NZASB) issued the completed version of NZ IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting to replace NZ IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of NZ IFRS 9.

NZ IFRS 15 Revenue from Contracts with Customers (Effective from 1 January 2018)

NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of NZ IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NZ IFRS 16 Leases (Effective from 1 January 2019)

NZ IFRS 16 changes the relevant information to be reported by lessors and lessees with a view to faithful representation of information to the users of financial statements so they can assess the effect leases have on cash flow, financial performance and the financial position of the entity. The standard requires the lessee to recognise assets and liabilities for the rights and obligations created by those leases. Lessors reporting requirements are similar to the previous standard NZ IAS 17 Leases.

The Directors have evaluated the impact of these new standards on the interim consolidated financial position, financial performance and cash flows of the Group. Their current preliminary evaluation has indicated that there is no material effect on the Group's result in adopting the new standards but in some instances additional disclosures may be required.

05. Director Changes

On 21 April 2017 shareholders voted in support of Board changes of NPT Limited which resulted in the removal of Tony Sewell (Chair) and Jim Sherwin, to be replaced by independent directors Allen Bollard and Bruce Cotterill (Chair). Augusta Chair, Paul Duffy was also voted on to the Board. Carol Campbell maintained her Board position as an independent director.

06. Direct Property Operating Expenses

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Tenant Operating Expenses	(1,929)	(1,873)
Owner Operating Expenses	(502)	(743)
Bad Debts	-	(14)
Movement in Allowance for Doubtful Debts	(111)	(111)
Total Direct Property Operating Expenses	**(2,542)**	**(2,741)**

07. Net Finance Costs

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Interest Received	22	39
Interest and Finance Charges	(1,464)	(1,332)
Net Finance Costs	**(1,442)**	**(1,293)**

08. Administration Expenses

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Audit Fees	(60)	(47)
Directors Fees	(137)	(77)
Employee Costs	(441)	(493)
Office Costs	(139)	(102)
Rent	11	4
Professional Fees	(198)	(155)
Registry and Stock Exchange Fees	(77)	(51)
Shareholder Communications	(50)	(44)
Other Operating Expenses	(14)	(38)
Total Administration Expenses	**(1,105)**	**(1,003)**

09. Distributable Profit

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

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Net Profit Before Income Tax	**3,066**	**2,883**
NZ IFRS and other non-recurring and non-cash adjustments		
Net change in fair value Interest Rate Swaps	36	420
Net change in fair value of Other Assets	85	58
Net Lease Incentives	5	(39)
Net Lease Contributions	130	142
Loss/(gain) on disposal Fixed Assets	-	87
Transaction Costs	460	-
Distributable Profit Before Taxation	**3,782**	**3,551**
Current tax expense	(570)	(524)
Distributable Profit after Current Tax	3,212	3,027
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)	1.98	1.87
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)	1.98	1.87

10. Interest Rate Swaps

The Group manages its interest rate risk by using floating-to-fixed Interest Rate Swaps which have the economic effect of converting interest on borrowings from floating rates to fixed rates.

Changes in the fair value of Swaps are recognised in the Consolidated Statement of Comprehensive Income. Any unrealised loss is expected to unwind over the longer term. Swaps have been recognised as non-current as the current portion is not considered material for separate disclosure in the Statement of Financial Position.

The Group has four interest rate swaps currently in place, the first for $20m will expire on 7 May 2019, the second for $5m expires on 22 April 2021, The third, also for $5m, expires on 30 September 2021, and the fourth for $10m will expire on 8 May 2022.

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Balance, Beginning of Period	**919**	**1,651**
Current Year Fair Value Change of Swaps	36	(732)
Balance, End of Period	**955**	**919**

11. Trade and Other Receivables

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Trade Receivables	265	494
Allowance for Doubtful Debts	(158)	(55)
Total Accounts Receivable	**107**	**439**
Other Loans and Receivables	21	23
Total Trade and Other Receivables	**128**	**462**

12. Investment Properties

Reconciliation of Carrying Amount	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Balance at the Beginning of the Period	178,173	171,265
Capitalised Costs	-	4,736
Capitalised Lease Incentives and Commissions	(126)	1,606
Revaluation of Investment Properties	-	(1,651)
Increase in Property Work in Progress	2,504	2,217
Investment Property Held for Sale Reclassified	(44,690)	-
Balance at the End of the Period	**135,861**	**178,173**

The Board reviewed each property as at 30 September 2017 and determined that there has been no material value change in the overall portfolio carrying value from the 31 March 2017 independent valuations. Valuations will be completed at 31 March 2018, the next reporting period.

On the 12th of October 2017 an agreement to sell the AA Centre to SkyCity Entertainment Group for an agreed $47m became unconditional. Settlement will take place in July 2018. Under the agreement, NPT is required to complete capital improvements to the building, which were commenced prior to the agreement being signed. The estimated cost is $2 million.

13. Investment in Subsidiaries

	PERCENTAGE HELD GROUP 30 SEP 2017	GROUP 31 MAR 2017
Eastgate Shopping Centre Limited	100%	100%
The National Property Trust No 2 Limited	100%	100%
22 Stoddard Road Limited	100%	100%
99 Albert Street Limited	100%	100%
NPT Management Team Limited	100%	100%
NPT 10 Limited	100%	100%
NPT 11 Limited	100%	100%

All of the subsidiaries are wholly owned companies incorporated in New Zealand with a 31 March annual reporting date.

14. Fixed Assets

UNAUDITED 6 MONTHS 30 SEP 2017	LEASE FITOUTS $000	PLANT & EQUIPMENT $000	FURNITURE & FITTINGS $000	COMPUTER EQUIPMENT $000	TOTAL $000
Cost					
Balance at the Beginning of the Period	524	535	378	138	1,575
Additions	65	37	71	-	173
Disposals	-	(22)	(26)	(59)	(107)
Balance at the End of the Period	**589**	**550**	**423**	**79**	**1,641**
Accumulated Depreciation					
Balance at the Beginning of the Period	(190)	(103)	(118)	(96)	(507)
Depreciation	(23)	(30)	(18)	(14)	(85)
Disposals	(44)	36	27	59	78
Balance at the End of the Period	**(257)**	**(97)**	**(109)**	**(51)**	**(514)**
Net Book Value at the End of the Period	**332**	**453**	**314**	**28**	**1,127**

AUDITED 12 MONTHS 31 MAR 2017	LEASE FITOUTS $000	PLANT & EQUIPMENT $000	FURNITURE & FITTINGS $000	COMPUTER EQUIPMENT $000	TOTAL $000
Cost					
Balance at the Beginning of the Year	422	173	368	114	1,077
Additions	102	378	80	25	585
Disposals	-	(16)	(69)	(2)	(87)
Balance at the End of the Year	**524**	**535**	**378**	**138**	**1,575**
Accumulated Depreciation					
Balance at the Beginning of the Year	(148)	(69)	(89)	(71)	(377)
Depreciation	(42)	(36)	(26)	(25)	(129)
Disposals	-	2	(3)	1	(1)
Balance at the End of the Year	**(190)**	**(103)**	**(118)**	**(96)**	**(507)**
Net Book Value at the End of the Year	**334**	**432**	**260**	**42**	**1,068**

15. Trade and other Payables

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Accrued Interest and Fees Payable to Bank	322	324
GST Payable	113	-
Rent in Advance	296	146
Other Creditors and Accruals	717	2,119
Total Trade and Other Payables – Current	**1,448**	**2,589**
Other Creditors and Accruals	24	-
Total Trade and Other Payables – Non-Current	**24**	**-**
Total Trade and Other Payables	**1,472**	**2,589**

16. Bank and Other Loans

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Bank of New Zealand (Secured)	61,000	58,500
Total Bank Loans – Non-Current	**61,000**	**58,500**

On 16 July 2015 the Group entered into a new bank facility agreement for $70 million 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 the reporting date was 4.75% (31 March 2017: 5.08%).

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 Profit or Loss within the Statement of Comprehensive Income.

Refer to Note 21 for additional information.

17. Deferred Taxation Asset/(Liability)

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Investment Properties Depreciation Recovery	(3,350)	(3,350)
Interest Rate Swaps	267	257
Other	79	121
Balance at the End of the Period	**(3,004)**	**(2,972)**

18. Contributed Capital

	UNAUDITED 6 MONTHS 30 SEPT 2017 No of shares	UNAUDITED 6 MONTHS 30 SEPT 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 No of shares	AUDITED 12 MONTHS 31 MAR 2017 $000
Fully Paid Shares on Issue	161,920,433	134,089	161,920,433	134,089
Movement in Shares on Issue				
Balance at the Beginning of the Year	161,920,433	134,089	161,920,433	134,089
Balance at the End of the Year	**161,920,433**	**134,089**	**161,920,433**	**134,089**

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

19. Reserves

Retained Earnings

Cumulative gains/losses retained by the Group after other reserves and distributions to Shareholders were:

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Balance at the Beginning of the Year	45	1,113
Net Profit after Taxation	2,411	3,073
Transfer to Unrealised Investment Property Revaluation Reserve	-	1,651
Distribution to Shareholders	(2,916)	(5,791)
Balance at the End of the Period	**(460)**	**45**

Unrealised Investment Property Revaluation Reserve

Unrealised investment property reserves for the revaluations of Investment Properties held by the Group were:

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	AUDITED 12 MONTHS 31 MAR 2017 $000
Balance at the Beginning of the Year	(17,061)	(15,410)
Transfer from Retained Earnings	-	(1,651)
Balance at the End of the Year	**(17,061)**	**(17,061)**
Total Reserves at the End of the Year	**(17,521)**	**(17,016)**

20. Segment Information

The principal business activity of the Group is to invest in New Zealand properties. Investment properties have similar economic characteristics, methods of management and are under leases of various terms. Segment reporting is presented in a consistent manner with internal reporting provided to the chief operating decision maker. The Chief Executive is the chief operating decision maker who receives internal financial information on a property by property basis, assessing property performance and deciding on the resource allocation. During the 6 months to 30 September 2017 new directors were appointed who reassessed and changed the previous reporting structure to the board. The Group operates only in New Zealand. On this basis all of the Group's property have been aggregated into a single reporting segment to most appropriately reflect the nature and financial effects of the business activities.

Segment values for the six months ended 30 September 2017 were as follows:

	INVESTMENT PROPERTY $000	UNALLOCATED $000	TOTAL $000
Segment Revenue	8,647		8,647
Net Segment Revenue	5,971		5,971
Net Profit/(Loss) before Taxation	5,975	(2,909)	3,066
Change in Fair Value of Investment Properties	-	-	-

Segment values for the six months ended 30 September 2016 were as follows:

	INVESTMENT PROPERTY $000	UNALLOCATED $000	TOTAL $000
Segment Revenue	8,425		8,426
Net Segment Revenue	5,535		5,535
Net Profit/(Loss) before Taxation	5,527	(2,644)	2,883
Change in Fair Value of Investment Properties	-	-	-

21. Financial Instruments

Exposure to interest rate, credit, liquidity and other market risks arise in the normal course of the Group's business.

The main risks, arising from the Group's Financial Instruments, are interest rate risk and credit risk.

Interest Rate Risk

The Group's exposure to interest rate risk primarily arises from its long term variable rate borrowings. Interest Rate Swaps are used to reduce exposure to fluctuating interest rates arising on floating rate borrowings.

Management monitors the level of interest rates on an ongoing basis, and from time to time, will recommend to the Board that fixed rates are locked in. The notional principal or contract amounts of interest rate contracts outstanding at each reporting date were $40m (March 2017: $40m).

GROUP AS AT 30 SEPTEMBER 2017	DESIGNATED AT FAIR VALUE $000	LOANS AND RECEIVABLES AT AMORTISED COST $000	FINANCIAL LIABILITIES AT AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Financial Assets					
Cash and Cash Equivalents	-	1,061	-	1,061	1,061
Accounts Receivable	-	128	-	128	128
Total Financial Assets		**1,189**	**-**	**1,189**	**1,189**
Financial Liabilities					
Bank and Other Loans	-	-	61,000	61,000	61,000
Trade and Other Payables	-	-	1,472	1,472	1,472
Interest Rate Swaps	955	-	-	955	955
Total Financial Liabilities	**955**	**-**	**62,472**	**63,427**	**63,427**

GROUP AS AT 31 MARCH 2017	DESIGNATED AT FAIR VALUE $000	LOANS AND RECEIVABLES AT AMORTISED COST $000	FINANCIAL LIABILITIES AT AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Financial Assets					
Cash and Cash Equivalents	-	2,030	-	2,030	2,030
Accounts Receivable	-	462	-	462	462
Total Financial Assets		**2,492**	**-**	**2,492**	**2,492**
Financial Liabilities					
Bank and Other Loans	-	-	58,500	58,500	58,500
Trade and Other Payables	-	-	2,589	2,589	2,589
Interest Rate Swaps	919	-	-	919	919
Total Financial Liabilities	**919**	**-**	**61,089**	**62,008**	**62,008**

Fair Value Estimation

The fair value of financial instruments that are not traded in an active market such as derivative financial instruments, are determined using a valuation technique such as discounted cash flows. The carrying value less an impairment allowance for 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 Interim Consolidated 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.

22. Earnings Per Share

Earnings per Share is calculated by dividing the Profit or 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 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Profit/(Loss) attributable to Shareholders of the Group	2,411	2,531
Number of Shares on Issue	161,920	161,920
Basic Earnings per Share (cents)	1.49	1.56

Number of Ordinary Shares		
At the Beginning of the Year	161,920,433	161,920,433
At the End of the Year	161,920,433	161,920,433
Number of Ordinary Shares for Basic and Diluted Earnings Per Share	**161,920,433**	**161,920,433**

23. Transaction Costs

At a special meeting of shareholders held on 21 April 2017 a resolution to purchase two properties from Kiwi Property Holdings Limited, raise equity for those purchases, and enter into a management contract with Kiwi Property Group Limited, was not approved by shareholders. Consequently, these proposed transactions were terminated and did not proceed.

The investigation of the above proposal, and three other proposals, incurred substantial due diligence, financial investigation, and other legal costs for the Group that have collectively been described as transaction costs. These costs totalled $1.339 million in the 2017 financial year. A further $0.460 million of costs was incurred in the 6 months to 30 September 2017; they are included in the Interim Consolidated Financial Statements as transaction costs in the Consolidated Statement of Comprehensive Income.

24. Distributions Paid and Payable

		UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
The following distribution was declared and paid in respect of the previous year	0.900cents (2016:0.875 cents)	1,458	1,416
The following distributions were declared and paid during the period	0.900cents (2016:0.900 cents)	1,458	1,457
Total Distributions Paid		**2,916**	**2,873**

25. Related Party Transactions

Key Management Personnel
The Group has a related party relationship with its key personnel. The Key Management Personnel are the Directors and Executive Management.

	UNAUDITED 6 MONTHS 30 SEP 2017 $000	UNAUDITED 6 MONTHS 30 SEP 2016 $000
Salaries and other short term employee benefits	441	493
Directors fees	137	77
Total payments to key management personnel	**578**	**570**

The table above includes remuneration of the Chief Executive Officer and other Employees of the Group.

26. Capital Commitments

At the interim reporting date the Group had $2.125 million committed to capital expenditure (March 2017: $2.20 million).

27. Contingent Liabilities

At the interim reporting date the Group had no material contingent liabilities (March 2017: Nil).

28. Subsequent Events

Sale of the AA Centre
As disclosed more fully in note 12, on 12 October 2017 an agreement to sell the AA Centre to SkyCity Entertainment Group for an agreed $47m became unconditional, but is subject to completion of agreed capital improvements estimated to be $2m. Settlement is expected to take place in July 2018.

Grant Thornton

An instinct for growth™

Independent Review Report

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To the Shareholders of NPT Limited

Report on the Consolidated Interim Financial Statements
We reviewed the accompanying consolidated interim financial statements of NPT Limited on pages 10 to 28 which comprise the consolidated interim statement of financial position as at 30 September 2017, and the consolidated interim statement of comprehensive income, consolidated interim statement of changes in shareholders' funds and consolidated interim statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

Director's Responsibility for the Consolidated Interim Financial Statements
The directors are responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of 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 consolidated interim financial statements. We conducted our review in accordance NZ SRE 2410, *Review of Historical Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with New Zealand equivalents to International Financial Reporting Standards issued in New Zealand by the New Zealand Accounting Standards Board. As the auditor of NPT Limited NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual consolidated financial statements.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate and applying analytical procedures, and evaluates the evidence obtained.

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 consolidated interim financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Entity.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these consolidated interim financial statements on pages 10 to 28 do not present fairly, in all material respects, the consolidated interim financial position of NPT Limited as at 30 September 2017, and its consolidated interim financial performance and consolidated interim cash flows for the period then ended, in accordance with New Zealand equivalents to International Financial Reporting Standards issued in New Zealand by the New Zealand Accounting Standards Board.

Restriction on use of our report

This report on the consolidated interim financial statements is made solely to the shareholders, as a body. Our limited assurance work has been undertaken so that we might state to the shareholders, as a body those matters which we are required to state to them in an independent 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 the NPT Limited and the shareholders, as a body, for our work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

Kerry Price
Partner
Auckland, New Zealand

29 November 2017

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Notes


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npt

OPTIMISED
PROPERTY
INVESTMENTS