

NPT LIMITED

CORPORATE GOVERNANCE MANUAL

NOVEMBER 2011

INTRODUCTION

NPT Limited's ("NPT", "the Company") Board of Directors ("the Board") and management are committed to ensuring that the Company maintains the highest ethical standards and integrity while delivering their primary objective, building long-term security holder value.

NPT's Board has therefore developed this corporate governance manual which guides the Directors, officers, employees and representatives of NPT so that their business conduct is consistent with NPT's business standards and best practice governance policies. This Governance Manual (the "Manual") encompasses the decision-making policies and the mechanisms used to manage the Company.

NPT's corporate governance policies are also designed to ensure that the Company obtains maximum benefit from Directors' expertise and judgment and creates an environment in which the Board can set a clear strategic direction and effectively monitor Company performance.

This Manual incorporates the NZX Corporate Governance Best Practice Code Recommendations and the Securities Commission¹ Governance Principles and Guidelines.

The NPT Board of Directors has approved this Governance Manual. Publishing it on NPT's website (www.npt.co.nz) (and other publications as appropriate) ensures Company employees and interested stakeholders are aware of the Company's policies and associated procedures.

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¹ On 1 May 2011 the Financial Markets Authority (New Zealand) took over the functions of the Securities Commission.

NPT LIMITED

BOARD CHARTER AND GOVERNING PRINCIPLES

THE ROLE OF THE BOARD

The Board establishes the Company's objectives, the major strategies for achieving those objectives, the overall policy framework within which the business of the Company is conducted and monitors management's performance with respect to these matters.

The Board delegates responsibility for the day to day operation and management of the Company to the Chief Executive Office ("CEO"). However the Board has processes and systems in place to ensure that significant issues, risks and major strategic decisions are always considered at Board level. This allows the Company to operate on a day to day basis in a manner which maximises security holder value and manages risk while seeking to ensure that the interests of security holders are adequately protected.

Specific responsibilities of the Board and its Committees include:

- oversight of the Company including its control and accountability procedures and systems;
- setting the strategic direction and objectives of the Company;
- oversee audit and monitor risk;
- approval of operating plans including annual business plans and budgets;
- monitoring actual results against the annual business plan, budget and strategic objectives;
- appointment of the CEO and Chief Financial Officer ("CFO"), and delegating the appropriate authority of the management of the company, and monitoring management's performance on a regular basis;
- setting the remuneration of the Directors;
- approval and monitoring of the progress of capital expenditure, capital management initiatives and acquisitions and divestments;
- approval of capital structure and dividend policies; and
- oversight of disclosure and monitoring of price sensitive matters affecting the Company.

BOARD PERFORMANCE

The Board reviews its performance as a whole on an annual basis and instigates additional comprehensive reviews as may be deemed necessary from time to time. External consultants may be commissioned as needed to assist in the assessment of individual Directors' performance, the effectiveness of the Board's processes and/or the Board's own effectiveness.

CONSTITUTION

The Board is subject to the rules in the Company's Constitution (last revised in November 2010). The Constitution, which provides further details on the Board composition, rotation of Directors and Board meeting procedures, is available to view in the Company's website.

SHARE TRADING

Directors are encouraged to own securities in the Company in their own name (or through associated interests). Directors' security trading is subject to the [Company's Share Trading Policy \(contained on page 23 of this Manual\)](#), the NZSX Listing Rules and the Securities Markets Act 1988. All changes in the shareholdings of Directors are reported to the Board and the NZX. The Directors' shareholdings and changes to those shareholdings are also noted in the annual report to security holders.

GOVERNING PRINCIPLES

The Company's Directors and management are strongly committed to high standards of corporate governance and adherence to the following guiding principles:

Principle 1 – Ethical Standards

The Board observes and fosters high ethical standards.

The Company expects its Directors, officers, employees and representatives to act in a manner consistent with its guiding principles and the values set out in its [Code of Ethics. This Code \(refer page 7\)](#) sets out clear expectations of ethical decision-making and personal behavior with regard to confidentiality, securities trading, transparency, company information, conflict resolution processes, workplace responsibilities, environmental responsibility and stakeholder interaction.

Principle 2 – Board Composition

The Board works effectively as it contains a balance of independence, skills, knowledge, experience and perspectives.

The Board's composition is designed to foster independence of view and ensure the Directors hold an appropriate standard and mix of qualifications, skills and experience given the Company's existing operations and strategic objectives.

The Company's Constitution allows for no less than three or more than six Directors and at least two of the Directors must be resident in New Zealand. Each year one third of the Directors shall retire but will be eligible for re-election. Further information is contained in the [Nomination Committee Charter on page 17](#) and in the Company's Constitution.

Principle 3 – Board Committees

The Board enhances its effectiveness in key areas through the use of committees.

Committees established by the Board develop, review and analyse Company policies and strategies and operate under specific charters. Committees assist the Board to conduct its responsibilities in respect to all material matters and issues requiring Board decisions.

The standing committees of the Board are the Audit and Risk Committee, the Nominations Committee and the Remuneration Committee. The Board has considered that the Company's size prevents them from establishing separate committees at this time and therefore the full Board will fulfill the obligations the Committee Charters. This decision will be reviewed from time to time. The Board may create ad hoc committees where necessary to examine specific issues on its behalf.

Principle 4 – Reporting and Disclosure

The Board demands integrity both in financial reporting and in the timeliness and balance of disclosures on Company affairs.

The Company is committed to providing the investment market with prompt and accurate information on all major events that influence the Company. The Company's [Disclosure Policy \(refer page 10\)](#) is designed to ensure a high standard of compliance with NZX's continuous disclosure requirements. The [Audit and Risk Committee \(refer page 12\)](#) oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of the Company's financial statements.

Principle 5 – Remuneration

The Board ensures that the remuneration of Directors and executives is transparent, fair and reasonable.

[The Remuneration Committee \(refer page 20\)](#) has the responsibility for ensuring that Directors and Company employees are appropriately and fairly rewarded for their work. The Committee makes recommendations in respect of salary and incentive programmes and more generally on issues, plans and policies relating to employee management.

Principle 6 – Risk Management

The Board regularly verifies that the Company has appropriate processes that identify and manage potential and relevant risks.

[The Audit and Risk Committee \(refer page 12\)](#) has responsibility for establishing an acceptable risk tolerance and to actively identify, analyse, evaluate and appropriately treat risk that may impact on the business as set out in the [Risk Management Policy on page 14](#).

Principle 7 – Auditors

The Board ensures the quality and independence of the external audit process.

[The Audit and Risk Committee \(refer page 12\)](#) is responsible for overseeing the external audit of the Company and ensuring the independence of the external auditor. Accordingly, it monitors developments in the areas of audit and any threats to audit independence, to ensure its policies and practices are consistent with best practice.

Principle 8 – Security Holder Relations

The Board fosters constructive relationships with security holders which encourage them to engage with the Company.

The Board is committed to giving all security holders comprehensive, timely and accessible information of all material matters concerning the Company, ensuring that security holders can assess the Company's performance. The Board also values and encourages constructive dialogue with security holders as outlined in the Company's [Disclosure Policy on page 10](#).

Principle 9 – Stakeholder Interests

The Board respects the interests of stakeholders within the context of the Company's ownership type and its fundamental purpose.

The Board's primary responsibility is to work to protect and enhance, long-term, the value of the assets of the Company in the interests of its security holders. However the Board also recognises the legitimate interest of other stakeholders and is committed to managing the Company in a way that will produce positive outcomes for all stakeholders as outlined in the [Code of Ethics on page 7](#).

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CODE OF ETHICS

The Company's Code of Ethics is a framework of the standards by which the Directors and its associated persons (as defined in the NZSX Listing Rules) including officers, employees and representatives are expected to conduct their professional duties and responsibilities in respect of the Company. This is intended to be a background code which will be applied in a manner that is consistent with the business objectives and legal obligations of NPT.

1. CODE OF ETHICS

- All Directors, officers, employees and representatives of NPT will undertake their duties with care and diligence and give proper attention to all of the matters that are placed before them for consideration.
- Directors, officers, employees and representatives of NPT will conduct themselves so that:
 - > they abide by the Company's Code of Values recognising that the legitimate interests of all Company stakeholders should be considered;
 - > they will not act in a way that could have or has the potential to bring the image of NPT into disrepute;
 - > they will act to ensure that NPT will not enter into transactions or make promises relating to the Company that are not intended to be honoured; and
 - > all reasonable endeavours are used to ensure that the records, documents, financial reports, and all other papers approved by the Directors are true, correct and conform to the highest level of integrity and accuracy.

2. CODE OF VALUES

NPT has established a Code of Values in recognition of its obligations to stakeholders, including security holders, employees, suppliers, tenants and the wider community, over and above its legal and other obligations. This Code of Values guides Directors, officers, employees and representatives ensuring they:

- act with integrity, honesty and transparency and support this value through the highest standards of corporate governance;
- treat others with dignity and respect;
- seek to provide excellent service and develop beneficial partnerships with external stakeholders;
- strive for excellence and assist other stakeholders to achieve the same;
- are accountable; and
- aim to only positively impact the wider community environment.

3. CONFLICTS OF INTEREST

- NPT expects its Directors, officers, employees and representatives to avoid conflicts of interest in their decision making and to avoid any direct or indirect interest, investment, association or relationship which is likely to, or appears to, interfere with the exercise of their independent judgement.
- Directors will fully disclose to the Company all of the following:
 - > all relevant relationships which they have with NPT;
 - > all relevant private or other business interests;
 - > any other affiliations or Directorships; and
 - > all direct or indirect ownership rights in NPT.
- The intention is that the Board of Directors can fully assess the independence and position of each Director and in particular, determine those Directors who are independent in terms of the NZSX Listing Rules.

4. CORPORATE OPPORTUNITIES

- The Directors, officers, employees and representatives of NPT will not use any property, information or position to the advantage of themselves against the Company and in particular will not use any of the aforesaid for personal gain.
- The Directors, officers, employees and representatives will only trade in Company shares in accordance with the approved [Trading Policy of the Company as detailed on page 23](#).

5. CONFIDENTIALITY

- The Directors, officers, employees and representatives will at all times maintain and protect the confidentiality of all information relating to NPT including the following information:
 - > any matter relating to the assets or business of NPT;
 - > all matters affecting the property investments of NPT;
 - > all matters relating to the financial affairs of NPT; and
 - > all information relating to lessees, prospective lessees, management arrangements, or other contractual commitments entered into by NPT.

Any disclosure will be in accordance with the disclosure policy of NPT or as otherwise required by the NZSX Listing Rules or by the requirements of the Securities Act 1978, the Securities Markets Act 1988, Companies Act 1993 or any other legislation.

6. PROPER USE OF THE ASSETS AND INFORMATION OF NPT

The Directors, officers, employees and representatives of NPT will only create, retain or use information and communications relating to the Company for the purposes of the business of NPT and for the purposes of meeting any legal obligations to the Company.

7. COMPLIANCE WITH LAWS AND POLICIES

The Directors, officers, employees and representatives of NPT will abide by all laws, rules and regulations under New Zealand law and comply with all statutory requirements, NZSX Listing Rules and other obligations on a timely basis.

8. REPORTING OF UNETHICAL BEHAVIOUR

The Directors, officers, employees and representatives of NPT will report any illegal or unethical behaviour of which they become aware to the Board. The Chairman will determine whether any exception or waiver to the terms and provisions of this Code of Ethics should be given. Otherwise a sub-committee of the Board will be formed for the purpose of determining what action should be taken in respect of the matter raised. Any person who knowingly makes a false report of a legal or policy breach may be subject to disciplinary action.

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DISCLOSURE POLICY

1. INTRODUCTION

NPT recognises that the cornerstone of New Zealand and international securities laws is full and fair disclosure of material information and that the timely, non-exclusionary distribution of information to the public is crucial to the efficiency and integrity of the capital markets. Any selective disclosure of material, non-public information would undermine market integrity and investor confidence in the fairness of the disclosure process and could lead to liability under insider trading legislation or breach the NZSX Listing Rules.

2. POLICY STATEMENT

NPT Limited is committed to providing timely and credible information. The Board believes it is imperative that disclosure be evenly balanced and that the investment community has fair access to this information. The Board also values and encourages constructive dialogue with security holders.

NPT makes all Directors aware of the obligations to disclose price sensitive or insider information under the NZSX Listing Rules, the Securities Act 1978, the Securities Markets Act 1988, the Privacy Act 1993 and any other relevant legislation.

Accordingly, this Policy establishes and implements Company procedures in respect to the distribution of information regarding NPT to the public.

3. GUIDANCE

To apply this Policy, a framework of procedures and guidelines relating to the disclosure of material information about NPT has been developed by the Board. The key elements of the framework are as follows:

- the Board has appointed a Company Secretary to be responsible for administering the Policy;
- all material information shall be lodged with the NZX in accordance with all relevant legal and regulatory requirements. The information will also be published on NPT's internet site;
- no undisclosed share price sensitive or other material information will be disclosed in any meeting or conference call with security holders or analysts;
- one-on-one discussions with security holders or analysts shall serve only as opportunities to provide background to previously disclosed information;

- earnings forecasts will only be discussed if previously issued by NPT by way of a public announcement or via the lodgement of a prospectus;
- NPT will not generally comment on analyst forecasts. However if the Company becomes aware that, in general, the market's earnings projections materially differ from its own estimates, NPT may consider it appropriate to issue a profit warning/statement;
- NPT will not endorse, or be seen to endorse, analyst reports or the information they contain;
- a Company website will be maintained with a primary focus on the needs of security holders;
- Annual and Interim Reports will be made available to security holders in printed form and on the Company's website;
- the Company may adopt procedures for the electronic delivery of information to its shareholders and other stakeholders;
- the annual security holder meetings will include comprehensive presentations on the performance of the Company and adequate opportunity for security holders to ask questions of Directors and management; and
- security holders may contact the Company at any time through a well promoted email address and Freephone number.

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AUDIT AND RISK COMMITTEE CHARTER

The Audit and Risk Committee oversees the Company's compliance with the Audit and Risk Charter. The Board has considered that the Company's size prevent them from establishing a separate Audit and Risk Committee and therefore the full Board will fulfill the obligations and be guided by the Audit and Risk Charter as set out below, and the Company's Risk Management Policy. This decision will be reviewed from time to time.

1. OBJECTIVES

The primary objectives of the Charter are as follows:

- to set the principles and standards with respect to internal controls, accounting policies and the nature, scope, objectives and functions of the external audit. This objective enables the Board to satisfy itself that management is discharging its responsibilities in accordance with established processes and, wherever practical, best practice methodologies; and
- to ensure the efficient and effective management of all business risks, and the efficient and effective compliance with the Risk Management Policy.

2. MEETINGS

The Board will meet at least two times per year, or more frequently if required, to specifically fulfil its obligations and discharge its duties in respect to the Audit and Risk Charter. The CEO, CFO and/or the external Auditor may attend at the request of the Committee.

A quorum shall consist of no less than two Board members, one of whom shall be the Chair or a nominee of the Chair and one of whom shall be an independent director. When meeting on Audit and Risk matters the Chair shall not be the Chairman of the Board.

3. DUTIES AND RESPONSIBILITIES

The duties and responsibilities are as follows:

External Audit

- Establish guidelines for the selection and appointment of the external Auditor and the rotation of the principal external audit partner (at least once every five years).
- The appointment and removal of the external Auditor.
- Ensure through liaison with the External Auditor that the Company is discharging its responsibilities to meet relevant legislation and regulatory requirements governing

corporate entities, including generally accepted accounting practice and reporting standards.

- Approve the annual audit plan, timetable, audit fee and non-audit fees (if applicable).
- Monitor the effectiveness, objectivity and independence of the external auditor.

Financial Statements

- Review draft financial statements with management and the External Auditors, and recommend final acceptance of the NZX Preliminary Announcements and full financial statements for each financial year and half year by the Board.
- Provide advice on and review the Company's Annual Reports and Interim Reports.
- Receive, consider and ensure appropriate action is taken on the External Auditor's reports to the Company and to security holders.
- Receive, consider and ensure appropriate action is taken on the External Auditor's reports on the status of internal controls and management systems.
- Review existing accounting policies and practices, in particular new accounting policies or amendments to existing accounting policies, to ensure appropriateness and compliance with generally accepted accounting practice and applicable financial reporting standards.
- Require the CEO and CFO to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operating results and are in accordance with relevant financial standards.

Risk Management

- Appoint a Risk and Compliance Officer².
- Set and annually review the Risk Management Policy.
- Review risks as set out in Policy and identify key risks for which risk management plans will be developed and implemented.
- Review and implement the annual risk management plans to ensure risks are actively managed in a systematic and prioritised manner and assessed regularly.
- Ensure that management undertakes a regular legal and statutory compliance review.
- Review annually the performance of the Risk and Compliance Officer.

Other Duties

- Review financial issues as identified.
- Identify and direct any special projects or investigations deemed necessary.
- Review the Audit and Risk Charter annually.
- Review the Delegated Authority Policy annually.

² The Committee has appointed NPT's Chief Financial Officer as the Risk and Compliance Officer

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RISK MANAGEMENT POLICY

1. POLICY STATEMENT

The Company is committed to actively identifying risk, assessing its impact on the Company and developing and implementing an appropriate strategy to mitigate that risk. NPT Limited's Risk Management Policy is designed to monitor and manage the Company's risk by incorporating risk management within day to day management and governance processes.

2. RESPONSIBILITY

The Board is ultimately responsible for the Company's risk management. The Audit and Risk Committee, in conjunction with the Risk and Compliance Officer, have delegated responsibility to:

- ensure the development of regular reporting mechanisms to give assurance on compliance with the Risk Management Policy to the Board;
- monitor, review and approve management's annual compliance programme (including the insurance strategy) to ensure risks are identified and managed in a systematic and prioritised manner;
- review management's annual insurance risk programme. Consider insurance renewals and review key policy terms; and
- review the Risk Management Policy annually.

External Specialists

Outsourcing services to specialist external suppliers assists the Company in reducing the risk of making a significant error in important processes, not providing adequate separation of duties or not identifying a key risk. The Company engages independent experts to provide the following services:

- property valuations;
- legal advice;
- registry services;
- audit services;
- tax planning and advice; and
- any other specialist services as required from time to time.

3. REPORTING

The Company has set up reporting procedures that ensure:

- the Board is kept fully informed of all relevant matters;
- the Company meets all legal and regulatory compliance obligations;
- there is a company-wide focus on identification and appropriate mitigation of risk; and
- internal controls are followed and regularly reviewed and updated as required.

The following reporting ensures the Company complies with its Risk Management Policy:

- monthly Board Reports incorporating the Chief Executive Officer's report on the property portfolio, current business issues and a financial overview and the Chief Financial Officer's report on financial performance against budget;
- annual review of the Risk Management Policy and the Risk and Compliance Officer's performance;
- provision of Director's certificates and other reports to the Company's bankers as required under facility agreements;
- annual Audit management letter and audit report from the external auditor; and
- compliance with the NZSX continuous disclosure listing rules.

4. RISK MANAGEMENT MATRIX

The Company has identified the following areas of potential risk and the risk management strategies used to mitigate those risks:

Risk Area	Causes	Potential Outcomes	Risk Management Strategies
Financial/Operational Risk	<ul style="list-style-type: none"> > Governance mismanagement > Changes in economic conditions > Loss of key tenant/s > Lack of adequate Property/Income replacement insurance 	<ul style="list-style-type: none"> > Exposure to avoidable financial loss, fraud or legal action > Adverse impact on Shareholder returns and/or value > Management decisions based on inaccurate and/or unreliable information > Non compliance with appropriate accounting principles 	<ul style="list-style-type: none"> > Strong Corporate Governance > Appropriately resourced Property Management function > Outsourcing of some business functions to external specialists > Internal controls and reporting processes in place > Appropriate insurance in place
Property Risk	<ul style="list-style-type: none"> > Changes in economic and/or market conditions > Changes to status of key tenants > Damage or destruction of Company's properties 	<ul style="list-style-type: none"> > Financial loss > Adverse impact on Shareholder value and returns 	<ul style="list-style-type: none"> > Appropriately resourced property management function including use of external experts where required > Internal controls and reporting processes in place > Appropriate insurance in place

Risk Area	Causes	Potential Outcomes	Risk Management Strategies
Tax Risk	<ul style="list-style-type: none"> > Changes to taxation laws > Incorrect application of taxation laws 	<ul style="list-style-type: none"> > Adverse impact on Shareholder value and returns > Costs associated with non compliance with appropriate taxation laws 	<ul style="list-style-type: none"> > Strong oversight by Audit and Risk Committee > Internal controls in place > Outsourcing external tax expertise
Liquidity Risk	<ul style="list-style-type: none"> > Lack of internal control > Changes in economic and/or market conditions > Changes in status of tenants 	<ul style="list-style-type: none"> > Impact on solvency 	<ul style="list-style-type: none"> > Strong internal controls including cash monitoring and reporting in place > Strong property management processes in place > Ongoing monitoring of relevant economic conditions
Interest Rate Risk	<ul style="list-style-type: none"> > Increased interest rates > Mismanagement of interest rate swaps 	<ul style="list-style-type: none"> > Increased cost of borrowing > Financial loss from swaps 	<ul style="list-style-type: none"> > Adoption of Board approved Treasury Policy > Strong internal management of cost of funds > Borrowing constraints i.e. bank covenants > Company swap strategy followed as per Treasury Policy
Human Resources Risk	<ul style="list-style-type: none"> > Loss of key personnel 	<ul style="list-style-type: none"> > Loss of specialised knowledge base > Short term loss of appropriate resource 	<ul style="list-style-type: none"> > Succession plan in place > Appropriately remunerated staff > Attractive working environment provided
Investment Market Risk	<ul style="list-style-type: none"> > Changes in economic and/or market conditions > Changes to relevant regulations 	<ul style="list-style-type: none"> > Adverse impact on Shareholder returns and value 	<ul style="list-style-type: none"> > Strong Corporate Governance > Outsourcing of relevant business functions to external specialists > Internal controls and reporting processes in place > Appropriate insurance in place
Legal / Compliance Risk	<ul style="list-style-type: none"> > Lack of appropriate knowledge and/or lack of internal controls leading to legal claims 	<ul style="list-style-type: none"> > Legal and fine costs > Reputation damage 	<ul style="list-style-type: none"> > Strong Corporate Governance > Outsourcing of key business functions to external specialists > Internal controls and reporting processes in place
Business Continuity Risk	<ul style="list-style-type: none"> > Failure of key functions due to natural disaster or utilities company failure 	<ul style="list-style-type: none"> > Disruption to continuation of key business operations 	<ul style="list-style-type: none"> > Data Disaster Recovery Plan in place > Business continuation plan in place > Appropriate insurance in place
Health and Safety Risk	<ul style="list-style-type: none"> > Unsafe work environment 	<ul style="list-style-type: none"> > Legal Claims > Non compliance with relevant legislation > Disruption to key personnel resource 	<ul style="list-style-type: none"> > Provision of safe work environment > Health and Safety Policy in place

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NOMINATION COMMITTEE CHARTER

The Nomination Committee oversees the Company's compliance with the Nomination Charter. The Board has considered that the Company's size prevents them from establishing a separate Nominations Committee and therefore the full Board will fulfill the obligations and be guided by the Nomination Charter as set out below. This decision will be reviewed from time to time.

1. OBJECTIVES

The objectives of the Charter are to ensure the Board's current and future composition, in respect to the mix of qualifications, skills and experience, are appropriate to the Company's operations and strategic direction and contribute to the effective governance of the Company. Directors are expected to exercise an independent and informed judgment on matters which come before the Board and be free of any business or other relationship that may interfere with the exercise of that individual judgment.

2. SECRETARIAL AND MEETINGS

The secretary of the Charter meetings shall be appointed by the Board. A quorum shall be two Board members, at least one of whom must be an independent non-executive Director.

All Directors are entitled to attend Nomination Charter meetings, except those Directors whose positions as Directors are under consideration in which case attendance is by invitation only. When meeting on Nomination matters the Chairman shall be the Chairman of the Board or, when the appointment of a successor as Board Chairman is under consideration, another independent non-executive Director selected by the Board.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Board.

Meetings shall be held from time to time as required having regard to the occurrence of Board vacancies, actual or anticipated. Any member of the Board may request a meeting at any time if they consider it necessary.

3. RESPONSIBILITIES

The responsibilities of the Board in respect to Nomination matters are as follows:

- to identify and nominate candidates to fill Board vacancies and senior Management positions (i.e. CEO and CFO) as and when they arise;
- before making an appointment, to evaluate the balance of skills, knowledge and experience on the Board and, in the light of the evaluation, to determine the role and capabilities required for the appointment;
- to formulate succession plans for both non-executive, executive Directors, and senior Managers taking into account the challenges and opportunities facing the Company and the skills and expertise accordingly required to manage the Company in the future;
- to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and to make any changes;
- to keep under review the leadership requirements of the Company, both non-executive and executive, with a view to ensuring the continued ability of the Company to compete efficiently in the marketplace; and
- to consider such other matters relating to Board nomination or succession issues as may be identified by the Board.

4. APPOINTMENT OF DIRECTORS

- The Company will have no less than three or more than six Directors. From the Company's first annual meeting one third of the Directors will resign and be subject to re-election in each year. At all times there must be at least two independent Directors of the Company as required by the NZSX Listing Rules (LR 3.3.1(c)). At least two of the Directors must be resident in New Zealand.
- The Company's Constitution provides for the appointment of two independent Directors. The Board considers a Director to be independent if they are independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or could otherwise affect their ability to act in the best interests of the Company.
- The Directors are required to keep the Board advised of any interests they have that could potentially conflict with the interests of the Company.
- The Board determines the independence of each Director in terms of any matter arising at any time and on a formal basis at the time of appointment and annually thereafter. The Board will review any determination it makes as to a Director's independence on becoming aware of any information that indicates that the Director may have a material relationship that could potentially conflict with the interests of the Company.
- The Board has adopted the definition of independent Directors set out in the NZSX Listing Rules as its definition of independence.

5. ANNUAL REVIEW

The Board will undertake an annual self-review of the Nomination Charter's objectives and responsibilities and the extent to which they have been achieved and/or discharged. Such objectives and responsibilities and their attainment will also be reviewed by the Board and any other person the Board considers appropriate.

6. REPORTING PROCEDURES

The minutes of all meetings in respect to the Nomination Charter will be circulated to members of the Board and to such other persons as the Board decides.

The Chairman will present an annual report to the Board summarising activities undertaken during the year in respect to the Nomination Charter and any related significant results and findings.

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REMUNERATION COMMITTEE CHARTER

The Remuneration Committee oversees the Company's compliance with the Remuneration Charter. The Board has considered that size prevents them from establishing a separate Remuneration Committee and therefore the full Board and the Company's Chief Executive Officer will fulfill the obligations and be guided by the Remuneration Charter as set out below. This decision will be reviewed from time to time.

1. OBJECTIVES

The objective of the Charter is to establish remuneration policies and practices relative to remuneration setting and review of the Company's CEO, other senior executives, and Directors (both non-executive and executive). The Committee makes recommendations in respect to salary and incentive programmes and more generally on issues, plans and policies relating to people management.

2. SECRETARIAL AND MEETINGS

The secretary of the Remuneration Charter meetings shall be appointed by the Board. A quorum shall be two Board members, at least one of whom must be a non-executive Director.

The Charter meeting may have in attendance such members of management including such other persons including external advisers, as it considers necessary to provide appropriate information and advice.

All Directors shall be entitled to attend meetings provided that executive Directors including the CEO shall not be entitled to attend meetings where they are conflicted for personal reasons.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Board and, where necessary, applicable members of management.

Meetings shall be held not less than twice per year having regard to when Director and executive remuneration is due for review in terms of the Company's remuneration policies. Any member of the Board including the CEO may request a meeting at any time if they consider it necessary. Minutes of all meetings shall be kept.

3. RESPONSIBILITIES

The Board is responsible for setting and reviewing the remuneration policies and practices of the Company, including:

- setting and reviewing, in accordance with the Company's remuneration policies and practices, all components of the remuneration of the CEO, executive Directors and such other senior executives as the Board may from time to time determine. The components shall include base salary, reimbursable expenses, bonuses, entitlements under employee incentive plans, Company share schemes and Company option schemes, and all other entitlements and benefits arising from their employment;
- setting and reviewing, as appropriate, the terms of employment contracts for the personnel just referred to;
- setting and reviewing the terms of the Company's short and long term incentive plans including any share and option schemes for employees and/or Directors;
- setting and reviewing the terms of the Company's superannuation and/or pension schemes;
- making recommendations to the Board on setting and reviewing all components of the remuneration of the non-executive Directors. Such components shall include base fees, supplemental fees for undertaking additional duties, reimbursable expenses, entitlements on retirement from or termination of Board membership, and all other benefits and entitlements arising from their Directorships; and
- considering such other matters relating to remuneration issues as may be applicable.

The remuneration of senior executives who report directly to the CEO is subject to prior recommendation from the CEO.

The Board, at the expense of the Company, may obtain such outside information and advice including market surveys and reports, and consult with such management and executive search consultants and other outside advisers with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

4. ANNUAL REVIEW

The Board will undertake an annual self-review of its objectives and responsibilities and the extent to which they have been achieved and/or discharged, inviting comments from all members of the Board. Such objectives and responsibilities and their attainment will also be reviewed by any other person the Board considers appropriate. It shall make any suggested changes in the duties and responsibilities in terms of this Charter.

5. REPORTING PROCEDURES

After each Remuneration meeting the minutes of these meetings will be circulated to members of the Board. Extracts from the minutes will be made available to the head of human resources (if applicable), and to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.

The Chairman will present an annual report to the Board summarising activities undertaken during the year in respect of the Remuneration Charter and any related significant results and findings.

NPT LIMITED

SHARE TRADING POLICY

1. POLICY STATEMENT

The Company is committed to transparency and fairness in dealing with all of its stakeholders and to ensuring adherence to all applicable laws and regulations. No Director, officer, employee or employee may use their position of knowledge of the Company or its business to engage in securities trading for personal benefit or to provide benefit to any third party.

2. OVERVIEW

This policy applies to all Directors, officers and employees of the Company who intend to trade in NPT listed securities. In this policy “**trade**” includes buying or selling listed securities, or agreeing to do so, whether as principal or agent, but it does not include subscription for, or the issue of, new securities. “**Employees**” include persons seconded to the Company.

The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and any other country where NPT securities may be listed.

Any Director, officer or employee of the Company must comply with this policy in relation to any dealings in NPT securities, and should specifically note the requirement to obtain appropriate consent before trading (see “Trading Procedure” below).

3. PURPOSE

The Board has developed this policy to meet the Company’s legal obligation to prevent insider trading and to help Directors, officers and employees avoid the serious consequences associated with violations of insider trading laws.

This part of the manual details NPT’s policy on, and rules for dealing in, NPT securities and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of listed securities from time to time (“**Restricted Securities**”).

If any person does not understand any part of this policy, or how it applies, the matter should be raised with NPT’s Company Secretary before dealing with any securities covered by this policy.

4. GENERAL RESTRICTIONS

Fundamental Rule – Insider trading is prohibited at all times

If any person possesses “material information” (refer to definition below) that person must not:

- trade affected Securities;
- advise or encourage others to trade, or hold any affected Securities; or
- pass on the material information to others.

The prohibitions apply regardless of how the person learns of the information, and regardless of why the person is trading.

The prohibition on insider trading applies not only to information concerning the Company’s securities. If a person has material information in relation to listed securities of another issuer (including futures contracts listed on an authorised futures exchange over listed securities), that person must not trade in those securities.

Insider trading laws

If a person has any material information, it is illegal for that person to:

- trade NPT’s listed securities;
- advise or encourage another person to trade or hold NPT’s listed securities;
- advise or encourage a person to advise or encourage another person to trade or hold NPT’s listed securities; or
- pass on the material information to anyone else – including colleagues, family or friends knowing (or where that person ought to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, NPT’s listed securities.

This offence, called “insider trading”, can subject a person to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or NPT, for any loss suffered as a result of illegal trading.

Confidential Information

In addition to the above Directors, officers and employees also have a duty of confidentiality to the Company. Directors, officers and employees must not reveal any confidential information concerning the Company to a third party (unless that third party has signed a confidentiality

agreement with the Company and the Company has authorised disclosure of the confidential information), or to use confidential information in any way which may injure or cause loss to the Company or use confidential information to gain an advantage for him or herself.

Directors, officers and employees should ensure that external advisers keep information about the Company confidential.

5. DEFINITIONS

"Material information" is information that:

- is not generally available to the market; and
- if it were generally available to the market, would have a material effect on the price of NPT's listed securities.

Information is generally available to the market if it has been released as an NZX announcement, or investors that commonly invest in NPT securities can readily obtain the information (whether by observation, use of expertise, purchase or other means).

It does not matter how a person comes to know the material information (including for example in the course of carrying out responsibilities, or in passing in the corridor, or in a lift, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including the Company), and information which is insufficiently definite to warrant disclosure to the public.

Examples of material information

The following list is illustrative only. Material information could include information concerning:

- the financial performance of NPT;
- a possible change in the strategic direction of NPT;
- a possible acquisition or sale of any assets by NPT;
- entry into or the likely entry into, or termination or likely termination of, leases, material contracts or other business arrangements which are not publicly known;
- a possible change in NPT's capital structure;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against the Company; or
- any other unexpected liability, which has not been released to the market.

Exceptions

This policy does not apply to:

- acquisitions and disposals by gift or inheritance;
- acquisitions through an issue of new listed securities, such as an issue of new shares on the exercise of options, under a rights issue, or a dividend reinvestment plan.

Short term trading discouraged

The Company discourages Directors, officers and employees from engaging in short term trading (the buying or selling of listed securities within a three month period), unless there are exceptional circumstances discussed with and approved by the Company Secretary.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade listed securities on a short-term basis.

If in doubt, don't

The rules contained in this policy do not replace legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that is considered to be ethical actually may be insider trading. If in doubt, don't!

Monitoring of trading

The Company may monitor the trading of Directors, officers and employees as part of the administration of this policy.

Application of policy

The Board of the Company has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by posting on NPT's website.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

6. TRADING PROCEDURE

Persons covered by Trading Procedure

The trading procedures set out below apply to:

- all Directors of the Company;
- all employees of the Company (including secondees);
- trusts and companies controlled by such persons; and
- anyone else notified by the Company Secretary from time to time.

Persons covered by the procedures are called “**Restricted Persons**”. Employees and Directors will be considered responsible for the actions of trusts and companies controlled by them. In this respect, “control” is not to be construed in a technical way but by looking at how decisions are made in practice.

Requirements before trading

Before trading in Restricted Securities at any time, Restricted Persons must, in writing:

- notify the Company Secretary of their intention to trade in securities, and seek consent to do so (using the Request for Consent to Trade in Listed Securities form attached in Schedule 1);
- confirm that they do not hold material information; and
- confirm that there is no known reason to prohibit trading in any Restricted Securities.

A consent is valid for a period of 10 trading days after notification. A consent is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.

From time to time there will be periods when approval will not be given to trade. For example the Board may set ‘no trade’ periods when the Annual and Interim results are announced, there is a change in the Company’s capital structure or there is significant acquisition or divestment activity occurring.

Requirements after trading

A Restricted Person must advise NPT’s Company Secretary promptly following completion of any trade, and the Restricted Person must comply with any disclosure obligations he, she or it has under the Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Regulations – see further below.

Securities Trading Disclosures

In addition to the requirements of the insider trading laws and the Company's Share Trading Policy, Directors and officers of the Company are legally obliged to make certain disclosures in respect of an acquisition or a disposition of a Relevant Interest (as defined below) in NPT securities. In this context "officer" means the Chief Executive Officer, Chief Financial Officer and all other employees of the Company.

Disclosure must be made in accordance with the Companies Act 1993, the Securities Markets Act 1988, the Securities Markets (Disclosure of Relevant Interests) Regulations 2003, and the NZSX Listing Rules. Under the Securities Markets Act 1988 and the said regulations all Directors and officers must send a disclosure notice to the Company and to the NZX within five business days of acquiring or disposing of a relevant interest in NPT securities.

The information required to be disclosed in the disclosure notice includes:

- the number and class of securities acquired or disposed of;
- the nature of the relevant interest in the securities;
- the consideration paid or received; and
- the date of the acquisition or disposition.

Directors must ensure that the particulars of any share trading disclosed to the Board and the NZX are entered in the Company's Interests Register.

The obligation to disclose acquisitions and dispositions is a continuous obligation on Directors and officers of the Company.

Relevant Interest

The definition of "Relevant Interest" is very wide and is set out in the Securities Markets Act 1988. While not being an exhaustive list, a person will have a relevant interest in NPT securities where they:

- are a registered holder of the securities;
- beneficially own the securities either directly or indirectly;
- are able to control, either alone or jointly with others, the acquisition or disposal of the securities by another person;
- have the power to control, either alone or jointly with others, the voting rights on the securities;

- are able to influence the board of a company which controls the voting rights on the securities or the sale or purchase of the securities, or that company or its board are accustomed to acting in accordance with that person's wishes;
- controls the exercise of 20% or more of the voting rights, or controls the acquisition of 20% or more of the shares, in a company that owns the securities;
- act in concert with a company that has a Relevant Interest (in relation to the power or control giving rise to that interest);
- will have any of the above rights at any time in the future under any arrangement.

A Relevant Interest also encompasses securities held under a number of other types of arrangement (for example, securities held in a family trust). It is unlikely to include securities held by a person's spouse or partner (unless that person has some control over those securities) or in a unit trust or superannuation fund.

"Power" or "control" in this context is defined broadly – it does not matter if the power or control is direct or indirect, legally enforceable or not, related to a particular security or not, or exercisable presently or in the future.

If a person is in any doubt as to whether he or she holds a "Relevant Interest" in NPT securities, he or she should consult with the Company Secretary.

Failure to Comply

Any person acting in violation of insider trading laws may be liable to the purchaser or seller of the securities and to NPT. The person may also be liable under insider trading laws and may, if found guilty, be subject to fines and may be prohibited from participating in management positions of listed companies. In addition the Company will take disciplinary action against any person who breaches this policy.

SCHEDULE 1: GENERAL TRANSACTION NOTICE

Form of Notice to the Company when a Director or employee wishes to sell or purchase securities of the Company

To: The Company Secretary
NPT Limited
WELLINGTON

REQUEST FOR CONSENT TO TRADE NPT SECURITIES

In accordance with the provisions of NPT Limited's Share Trading Policy, and in accordance with the provisions of the Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Regulations 2003 (made pursuant to section 49 of the Securities Markets Act 1988), I advise of my intention to deal in NPT securities as set out below:

- (a) Name of Director or Employee wishing to deal: _____
- (b) Address: _____
- (c) Position held: _____
- (d) The class and number of securities that will be the subject of the proposed transaction are: _____
- (e) The proposed transaction is the PURCHASE/SALE (*delete one*) of the securities set out in (d)
- (f) The transaction WILL/WILL NOT (*delete one*) take place on a stock exchange: (If not, give details of how the transaction will take place). _____
- (g) The date of the transaction will be on or about: _____

(Note: the transaction must be completed within 10 trading days of the date of approval being received).

I confirm that:

- the decision to sell or buy the securities described in (e) has not been made on the basis of insider information;
- if the transaction is a purchase of securities, I do not intend to sell the securities purchased by way of this transaction within 6 months of the date of purchase (*delete if not applicable*); and
- I believe the transaction will be at a fair value.

Accordingly, I request that **NPT Limited** consent to the transaction.

Approved/Not approved

Signature of Applicant:

Date:

Signature of NPT Company Secretary:

Date:

Signature of NPT Chairman:

Date: