

NZX Announcement

31 May 2017

NPT Limited Annual Results Announcement

For the financial year ending 31 March 2017, NPT Limited (NZX: NPT) reports that a steady operating performance was over-shadowed by a reduction in the value of some properties and costs associated with the Kiwi Property proposal that did not proceed.

Highlights include:

- An improvement in rental income, even considering that some space was vacant while undergoing refurbishment
- Stable occupancy
- Further opportunity for growth in rental revenue.

Financial performance - key points (31 March 2016 figures in brackets):

- Gross Rental Income of \$17.15m (\$16.98m) – up 1.03%
- Net Profit After Taxation of \$3.1m (\$8.4m) – down 63.1%
- Distributable Profit Before Income Tax of \$7.2m (\$7.3m) – down 1.4%
- Distributable Profit After Tax \$6.1m or 3.78 cps - (\$6.1m or 3.79 cps) down 0.2%
- Cash dividend maintained at 3.60 cps for the full year ended 31 March 2017
 - 0.90 cps cash dividend for the fourth quarter (0.1544 cps imputation credits attached)
 - Record date 2 June 2017, payment date 16 June 2017
- Loan to Value Ratio 33.2% (28.2%)
- Net Tangible Asset backing (NTA) \$0.72 (\$0.74)

Property portfolio update

Several substantial capital investment projects have been undertaken during the year. Some of this investment has contributed to an increase in rental revenue, particularly at Eastgate and 22 Stoddard Road. Further gains will be realised as vacant space at Eastgate and the AA Centre is leased.

Key highlights (31 March 2016 figures in brackets):

- Net Rental Income up 2.6%.
- Increased valuations at Eastgate, 22 Stoddard Road and AA Centre offset by reduction in valuations at Print Place and Heinz Watties. Overall loss of \$1.7m after taking capital expenditure into account.
- Occupancy at 96.0% (97.1%).



- Weighted Average Lease Term (WALT) 4.6 years (5.4 years)
- 22 Stoddard Road back to 100% occupancy
- Refurbishment of Level 8, AA Centre nearing completion.

Capital Management

NPT's LVR as at 31 March 2017 was 33.15%, well below the banking covenant limit of 50%, with 68.38% of drawn debt hedged. The weighted average cost of debt (including margin and line fees) was 5.08 %, a reduction of 52 bps on the prior comparable period. Subsequent to balance date, NPT entered into a further \$10m swap at a fixed rate of 2.815% (excluding line fee and margin). This swap replaces an expired swap of the same value.

Dividend

Shareholders will receive a dividend of 0.90 cps for the fourth quarter ended 31 March 2017. This brings the total cash dividend for the FY17 year to 3.60 cents per share, consistent with guidance given at the beginning of the financial year. The record date will be 2 June 2017 with payment being made on 16 June 2017.

The Board is currently undertaking a thorough analysis of the FY18 business plan, following which guidance on the cash dividend for the current financial year will be confirmed.

An update will be provided by the time of the Annual Meeting of Shareholders, which is expected to be held in August 2017.

Costs Associated with Proposals Received by the Company

The results for this financial year have been negatively impacted by the costs associated with the Kiwi Property Proposal that did not proceed and the costs associated with assessing other proposals received by the Company. The costs incurred were primarily for legal fees, due diligence work, financial analysis and holding the Special Meeting of Shareholders in April 2017. The total cost incurred in the 2017 financial year was \$1.339m and a further \$348,000 has been incurred in the 2018 financial year.

Board Changes and Outlook

As a result of the voting at the Special Meeting of Shareholders held on 21 April 2017 three new directors joined the Board of NPT, including Bruce Cotterill who became Chairman. Allen Bollard and Paul Duffy also joined the Board, alongside existing Director, Carol Campbell.

The new directors were appointed by the shareholders to replace Tony Sewell and Jim Sherwin. Sir John Anderson retired from the Board in March 2017.



The Board is currently in the process of conducting a thorough review of the Company with a view to recommending a plan for taking NPT forward.

“Clearly, the financial results for FY17 must mark a turning point for NPT as far as this Board is concerned,” said Chairman, Bruce Cotterill. “There are still a number of challenges ahead of us that are mostly a consequence of a lack of scale. The Board is committed to improving returns to shareholders, and is focused on advancing the necessary steps in support of this goal as quickly as practical. Once a plan for NPT’s future is sufficiently developed, the Board looks forward to engaging with shareholders to seek their views before moving forward with any significant course of action.”

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