

NZX Announcement – 9 February 2018

External Management Proposal - Shareholders to Vote at Special Meeting

The Board of NPT Limited (NZX: NPT) advises that a binding agreement has now been entered into between NPT and Augusta Capital Limited (NZX: AUG) to externalise the management of NPT, following a comprehensive due diligence process and negotiation of terms.

While the agreement is binding, it is conditional upon the approval of NPT shareholders. A Special Meeting of Shareholders will be called so that shareholders can discuss the proposal and subsequently vote on a resolution to approve the transaction.

“Substantial progress has been made since it was announced last year that an agreement in principle had been reached,” said NPT Chairman, Bruce Cotterill.

Since then, the NPT Board has worked through a robust process to evaluate the proposal and negotiate the detailed terms.

The Board is satisfied that the proposal is in the best interests of all NPT shareholders in the context of its current market position and preferred strategy.

KordaMentha was commissioned by the independent directors of NPT to prepare an Appraisal Report, which has concluded that the transaction is fair to all shareholders.

“The NPT Board therefore intends to recommend that shareholders vote in favour of the resolution to proceed with the externalisation of management. Further detail regarding the basis for this recommendation will be set out in the Notice of Meeting. This will be sent to shareholders ahead of the Special Meeting,” Mr Cotterill said.

At this stage, the meeting is likely to take place in March, with a date to be confirmed very soon.

Key terms of the agreement entered into between NPT and Augusta are:

- NPT will receive a one-off payment of \$4.5m from Augusta
- The management agreement may be discontinued after a minimum period of five years, under certain circumstances. Discontinuance would require shareholder approval and the payment of a fee calculated by an agreed formula, outlined in the management agreement



- Under the proposed agreement the management fees to be paid to Augusta are consistent with sector benchmarks, with the base fee being 0.5% up to \$500m of assets under management, and 0.4% on assets under management over \$500m.

The NPT Board believe that key benefits to NPT of proceeding with the externalisation of management to Augusta include:

- Immediate cost-savings in corporate overheads
- Access to Augusta's substantial resources and expertise across all of the key areas of property management - well beyond what NPT could reasonably afford itself based on its current size and market position
- Benefits associated with Augusta's market breadth and depth, which is likely to result in access to more investment opportunities more quickly and therefore more rapid progress against the strategy and goals of the NPT Board
- Demonstrated success in creating and applying growth strategies and a vested interest in the success of NPT as its current largest shareholder.

Augusta will not participate in the shareholder vote on the proposed transaction, consistent with its status as a 'Related Party'.

Ends

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