



Notice of Special Meeting
of Shareholders

Optimised Property Investments





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Letter from NPT Chairman

The Board is pleased to present you with this Notice of a Special Meeting of Shareholders, at which you will be asked to consider important issues regarding the future of NPT Limited.

Dear Shareholder,

We have called the Special Meeting to:

- consider and vote on a proposal from Kiwi Property Group Limited (**Kiwi Property**); and
- consider and vote on changes to the composition of the Board proposed by Augusta Capital Limited (**Augusta**).

All Shareholders are invited to attend the Special Meeting on 21 April 2017 commencing at 11:00 a.m. at Link Market Services Limited, Level 11, Deloitte Centre, 80 Queen Street, Auckland.

Overview

During the course of 2016, the Board received substantive proposals relating to the future of NPT Limited (**NPT**) from Kiwi Property and Augusta. The Board commenced evaluating these proposals against NPT management's own proposals for growth. Prior to that evaluation process being completed, Augusta issued a revised proposal (the **Augusta Proposal**) and gave notice to NPT requiring it to call a special meeting of shareholders to consider changes to the Board. This led to the Board receiving additional expressions of interest and ultimately evaluating four proposals. Those proposals included a revised proposal from Kiwi Property (the **Kiwi Property Proposal**) and the Augusta Proposal (the **Proposals**).

Recognising an appetite for change among some Shareholders, the Board undertook a thorough review of all of the proposals, and also commissioned an independent assessment of these by specialist advisers, Northington Partners.

Based on advice from Northington Partners and its own assessment, the Board concluded that the Kiwi Property Proposal is likely to deliver the best short and long-term benefits to NPT and Shareholders. As a result, the Board commenced negotiations with Kiwi Property with a view to reaching terms that could be brought to Shareholders for their consideration and, where necessary, approval. On 29 March 2017, agreement was reached with Kiwi Property on the detailed terms and documentation required to implement the Kiwi Property Proposal.

Your Board has great pleasure in calling this Special Meeting and presenting the Kiwi Property Proposal to Shareholders for consideration.

Kiwi Property Proposal

Under the Kiwi Property Proposal:

- two properties owned by a Kiwi Property subsidiary will be sold to subsidiaries of NPT for a total consideration of \$230 million, being a price supported by independent market valuations dated 31 December 2016, which were commissioned jointly by Kiwi Property and NPT;
- Kiwi Property will pay NPT a one-off amount of \$6 million to acquire the right to manage NPT and its property portfolio under the terms of the Management Agreement, which may be terminated by NPT at its discretion after five years upon payment to Kiwi Property of a termination fee; and
- Kiwi Property will subscribe for new, fully paid ordinary shares in NPT (**Shares**) and become a cornerstone shareholder in NPT, with a shareholding of approximately 19.9%.

The two properties to be acquired by NPT are The Majestic Centre, Wellington CBD, and North City Shopping Centre, Porirua. Details of each of the properties are set out on pages 12 to 17.

The NPT Group proposes to fund the acquisition of the two properties through additional bank borrowings of approximately \$87 million and by making a pro-rata entitlement offer of new Shares to Shareholders of approximately \$94 million (the **Entitlement Offer**), together with the placement of new Shares to Kiwi Property described above. Further details are set out in the section titled *Overview of the Kiwi Property Proposal* on page 9.

Other key considerations for the Board in its assessment of the Kiwi Property Proposal were:

- the two properties to be acquired from Kiwi Property are more consistent with NPT's existing portfolio than the properties offered to NPT under the other proposals;
- Kiwi Property has direct ownership of the two properties to be acquired;
- Kiwi Property will become a cornerstone shareholder with up to a 19.9% interest in NPT, ensuring the parties' interests are aligned;
- the Kiwi Property Proposal was assessed by the Board as being the transaction most likely to be implemented compared to the other proposals received;
- Kiwi Property was assessed by the Board as being the most credible partner for NPT; and
- the Kiwi Property Proposal provides NPT with the ability to leverage the Kiwi Property management resources for the benefit of NPT.

The Kiwi Property Proposal involves the externalisation of the management of NPT, which was not the Board's preferred position, having only recently internalised its management. However, acquiring the management rights for NPT and its property portfolio is an integral part of the Kiwi Property Proposal, from Kiwi Property's perspective. After taking into account the benefits that a strategic partnership with Kiwi Property is expected to provide to NPT, the appointment of Kiwi Property as manager of NPT and its property portfolio on the terms negotiated with Kiwi Property is acceptable to the Board, particularly as the Management Agreement includes the right for NPT to terminate, as noted earlier. A summary of the key terms of the Management Agreement is set out on pages 20-22.

Partnering with Kiwi Property through the Management Agreement and its cornerstone 19.9% shareholding is expected to provide a number of benefits to NPT, including gaining the substantial resources and experience Kiwi Property has as a manager of a significant portfolio of investment properties and its detailed knowledge of The Majestic Centre and North City Shopping Centre. In addition, NPT's management expense ratio (the ratio of indirect operating expenses to total assets) is expected to reduce from approximately 1.3% in FY16 to approximately 0.7% per annum based on the size of the NPT portfolio at the time of settlement of the acquisition of the Kiwi Properties and a full 12 months of operating expenses following the commencement of the Management Agreement.

Augusta Proposal

Under the Augusta Proposal:

- two of the three current members of the Board would be replaced by persons nominated by Augusta, including Augusta's chairman;
- NPT would acquire three properties from or procured by Augusta for a total consideration of \$329 million; and
- Augusta would acquire the right to manage NPT and its property portfolio in perpetuity (unless Augusta committed a material breach) for a payment to NPT of \$3.5 million.

On 28 October 2016, NPT received a notice from Augusta requesting that a special meeting of Shareholders be convened to consider the matters set out in the Augusta Proposal (issued under section 121 of the Companies Act). Augusta also requested that the proposal attached to its notice be included for discussion at that special meeting.

On 25 November 2016, Augusta filed proceedings in the High Court seeking orders requiring NPT to call a special meeting of Shareholders to consider its proposals "as soon as reasonably possible". On 10 January 2017, Augusta and NPT agreed to discontinue those proceedings. Augusta has withdrawn its request for discussion of its proposal but still requires the proposed changes to the Board (Resolutions 2 to 6) to be considered and voted on by Shareholders.

The Board has therefore included the Augusta resolutions in the business for the Special Meeting, in accordance with its obligations under the Companies Act, but does not support them.

Despite the fact that the transactions proposed by Augusta are not intended to be voted on by Shareholders at the Special Meeting, the Board has considered the Augusta Proposal as a potential alternative to the Kiwi Property Proposal and, where possible, attempted to measure the financial and other benefits of the Kiwi Property Proposal against it.¹

On this basis, the Augusta Proposal:

- would result in a significant decline in NPT's earnings and dividends relative to its projected earnings and dividends on a standalone basis (this compares to an expected increase in earnings and the level of dividends for FY18 under the Kiwi Property Proposal relative to NPT on a standalone basis, as illustrated in the section in the Explanatory Notes entitled *Rationale for the Kiwi Property Proposal*);
- was highly reliant on an increase in NPT's gearing position (total debt relative to total assets) to a level higher than under the Kiwi Property Proposal in order to achieve any enhancement in earnings or dividends for Shareholders compared to the expected position for NPT for the next financial year.

Other key considerations for the Board in its assessment of the Augusta Proposal were:

- the properties to be acquired under the Augusta Proposal are low-rise Auckland office buildings with the majority of the rent received from single tenants. The Board was concerned that the low yields offered by the buildings did not take into account longer-term tenancy risks and provided NPT with no real options in the event of increases in interest rates;
- NPT would be insufficiently compensated for selling effectively perpetual management rights to Augusta. The payment proposed by Augusta was the lowest under the proposals received by NPT that involved the acquisition of management rights in respect of NPT and its property portfolio;
- there is potential development risk associated with the Augusta Proposal, with construction of one of the three properties to be acquired having only just started (this property would represent approximately 28% of the NPT portfolio by value post-transaction on a pro forma basis²);
- the properties to be acquired under the terms of the Augusta Proposal were not owned by Augusta and Augusta did not necessarily have direct control over them, thereby introducing significant transaction uncertainty relative to the Kiwi Property Proposal; and
- the amount of additional debt and equity capital required by NPT under the Augusta Proposal was significantly more than under the Kiwi Property Proposal. There would therefore have been substantially greater execution risk under the Augusta Proposal.

Further, it is the Board's view that the changes to the composition of the Board have been proposed by Augusta in its own interests. The Board therefore strongly urges Shareholders to vote against Resolutions 2 to 6.

In the event that new directors are appointed to the Board pursuant to the resolutions proposed by Augusta, the new Board may not be able to – or may choose not to – proceed with the Entitlement Offer to Shareholders, even if the Kiwi Property Proposal is approved at the Special Meeting. If the Entitlement Offer does not proceed, the Kiwi Property Proposal will not be implemented.

Advice from Northington Partners

As indicated above, the Board sought advice from Northington Partners on the merits of the various proposals it received. Northington Partners concluded that, of these, the Kiwi Property Proposal "...will provide current Shareholders with the best outcome from a financial, strategic and transaction certainty perspective."

Northington Partners' advice confirmed the Board's own assessment that, in the Board's view, the Kiwi Property Proposal is materially better for NPT and Shareholders than the other proposals received (including, in particular, the Augusta Proposal), based on the information provided by the parties who submitted those proposals.

¹ This comparison was based on the terms proposed in the statement submitted by Augusta and on capital raising assumptions consistent with terms expected for the debt and equity capital raising required to implement the Kiwi Property Proposal.

² Values of the NPT portfolio as of 30 September 2016 and values of the properties proposed by Augusta for acquisition by NPT at the values set out in the Augusta Proposal (including the development property on an as-completed basis), pro forma on the basis that those are the properties held by NPT.

In Summary

The Board has received feedback from Shareholders seeking changes in NPT's strategy to deliver greater returns to Shareholders. In the Board's view, the Kiwi Property Proposal will provide scale to NPT's business, relevant management expertise and exposure to potential new acquisition and leasing opportunities sourced through Kiwi Property. These factors combined should deliver greater returns to Shareholders moving forward. The Board is therefore delighted to present the Kiwi Property Proposal to Shareholders for their consideration as, in the Board's view, it provides the best opportunity available to meet Shareholders' expectations.

The Board unanimously supports the Kiwi Property Proposal and strongly recommends that Shareholders vote in favour of Resolution 1 at the Special Meeting. The Board also strongly recommends that Shareholders vote against all of Resolutions 2 to 6 (inclusive), being the Resolutions proposed by Augusta for a change in the composition of the Board.

Thank you for your consideration of these matters and for your continuing support of NPT. We look forward to seeing as many Shareholders as possible at the Special Meeting.

Yours sincerely,



Tony Sewell
Chairman
NPT Limited



Your Board has great pleasure in calling this Special Meeting and presenting the Kiwi Property Proposal to Shareholders for consideration.



NPT Limited Notice of Special Meeting of Shareholders

Notice is hereby given that a Special Meeting of Shareholders of NPT Limited (**NPT**) will be held on 21 April 2017 commencing at 11:00 a.m. at Link Market Services Limited, Level 11, Deloitte Centre, 80 Queen Street, Auckland.

Business

The business of the meeting will be to consider and, if thought fit, pass the following Resolutions:

A. Resolution required for the implementation of the Board endorsed Kiwi Property Proposal

Resolution 1 (as an Ordinary Resolution)

That:

(a) Approval of purchase of properties

for the purposes of Listing Rule 9.1.1, the acquisition by wholly-owned subsidiaries of NPT of two properties from a wholly-owned subsidiary of Kiwi Property Group Limited (being the properties known as The Majestic Centre at 88-122 Willis Street, Wellington and North City Shopping Centre at 2 Titahi Bay Road and Lyttelton Avenue, Porirua (together the **Kiwi Properties**)) on the terms set out in agreements for sale and purchase dated 29 March 2017 for a total purchase price of \$230 million; and

(b) Approval of issuance of Shares

for the purposes of Listing Rule 7.3.1(a), the issue of new ordinary shares to Kiwi Property Group Limited at an issue price per share to be calculated in the manner set out in the Explanatory Notes to this Notice of Meeting and in such number that, immediately after such issue, Kiwi Property Group Limited holds approximately 19.9% of the total number of ordinary shares on issue (being the 161,920,433 ordinary shares on issue as at 29 March 2017, plus the total number of ordinary shares to be issued under the Entitlement Offer and the number of ordinary shares to be issued to Kiwi Property Group Limited under and in accordance with this resolution),

as described in each case in more detail in the Explanatory Notes accompanying this Notice of Meeting, be and are approved.

B. Matters for Resolution – Resolutions proposed pursuant to the Augusta Proposal (not supported by the Board)

Resolution 2 (as an Ordinary Resolution)

That James William Sherwin be removed from office as a director of NPT with immediate effect.

Resolution 3 (as an Ordinary Resolution)

That Anthony William Sewell be removed from office as a director of NPT with immediate effect.

Resolution 4 (as an Ordinary Resolution)

That Robert Allen Bollard be elected as a director of NPT with immediate effect.

A curriculum vitae for Robert Allen Bollard is set out at Schedule 1 to this Notice of Meeting.

Augusta has advised that, if elected, Robert Allen Bollard would consider himself to be an Independent Director under the Listing Rules.

Resolution 5 (as an Ordinary Resolution)

That Donald Bruce Cotterill be elected as a director of NPT with immediate effect.

A curriculum vitae for Donald Bruce Cotterill is set out at Schedule 1 to this Notice of Meeting.

Augusta has advised that, if elected, Donald Bruce Cotterill would consider himself to be an Independent Director under the Listing Rules.

Resolution 6 (as an Ordinary Resolution)

That Paul John Duffy be elected as a director of NPT with immediate effect.

A curriculum vitae for Paul John Duffy is set out at Schedule 1 to this Notice of Meeting.

C. General Business

The Board welcomes any other comments from Shareholders at the meeting and will provide an opportunity during general business for Shareholders to question, discuss or comment on the management of NPT.

Directors' Recommendation

For the reasons set out in more detail in the Explanatory Notes to the Notice of Meeting, the Board unanimously supports the Kiwi Property Proposal and unanimously does not support the Augusta Proposal. Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolution 1 and vote against all of Resolutions 2 to 6.

Information relating to Resolutions 2 to 6

The constitution of NPT requires that there be a minimum of three directors at all times. Due to the way in which Augusta has proposed the wording of Resolutions 2 to 6, there is the possibility that, depending on the outcome of the voting on Resolutions 2 to 6, fewer than three directors remain on the Board at the time the resolutions are passed. Accordingly, if after all votes validly cast on Resolutions 2 and 3 and Resolutions 4 to 6 have been counted, there would be less than three directors on the Board, then the remaining director(s) would (pursuant to NPT's constitution and the Listing Rules) appoint one or two additional directors in order to fill a casual vacancy or vacancies as a director or as directors of NPT (depending on the number of directors required to bring the total number of directors on the Board to three).

Any director who is appointed to fill a casual vacancy for this purpose would be required to resign at the end of the next annual meeting of shareholders (which is expected to be held in August 2017).

Explanatory Notes

Explanatory Notes on the Resolutions are attached to and form part of this Notice of Meeting.

Attendance

All Shareholders are entitled to attend and vote at the Special Meeting or to appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on their behalf.

The notice appointing a proxy or representative must be received by Link Market Services Limited not later than **11:00 a.m. 19 April 2017** (New Zealand time) by any of the following means:

Mail: Level 11, Deloitte Centre, 80 Queen Street, Auckland 1142 or PO Box 91976, Victoria Street West, Auckland 1142.

Facsimile: +64 9 375 5990

Email: meetings@linkmarketservices.co.nz

Proxies

A proxy need not be a Shareholder and may be appointed by completing the proxy form attached to this Notice of Meeting. The appointment of a proxy or representative does not preclude a Shareholder from attending and voting at the Special Meeting or carrying this out electronically as set out in the proxy form accompanying this notice. You may appoint the Chairman of the Special Meeting as your proxy. However, please note that your proxy will not be able to vote at the Special Meeting unless you have provided a voting direction or discretion.

The Chairman of the Special Meeting is willing to act as a proxy. If you appoint the Chairman of the Special Meeting as proxy but do not direct him to vote on any particular matter then he intends to vote your Shares in favour of Resolution 1 and against Resolutions 2 to 6.

By order of the Board



Tony Sewell
Chairman
30 March 2017

Explanatory Notes

Background

The purpose of the Special Meeting is to consider and, if thought fit, to pass the Resolutions set out in the Notice of Meeting. Explanations of the Resolutions, and a detailed discussion of the Kiwi Property Proposal and the Augusta Proposal are set out below. Further information relating to the Augusta Proposal is set out at Schedule 1 to this Notice of Meeting.

Important

The Board recommends to Shareholders that if they are in any doubt as to any aspect of the matters to be considered and voted on at the Special Meeting, they should seek independent financial or legal advice in relation to those matters.

Ordinary Resolution

Each of the Resolutions at the Special Meeting will be passed if they are passed by Ordinary Resolution. An Ordinary Resolution means a resolution passed by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution.

Explanatory Notes relating to Resolution 1

Introduction to Resolution 1

Resolution 1 provides for Shareholders to consider and, if thought fit, approve certain aspects of the Kiwi Property Proposal.

The NPT Group has entered into various agreements with Kiwi Property under which the Kiwi Property Proposal would be implemented. These agreements are described in more detail below, but provide, among other things, that the transactions with Kiwi Property will only be undertaken if any necessary Shareholder approvals are obtained.

There are two aspects of the Kiwi Property Proposal that require the approval of Shareholders by Ordinary Resolution under the Listing Rules. They are:

- Listing Rule 9.1.1(b): The acquisition of the Kiwi Properties will result in the NPT Group acquiring assets in respect of which the gross value is in excess of 50% of NPT's Average Market Capitalisation.¹ For the purposes of determining whether shareholder approval of the acquisition of the Kiwi Properties is required under Listing Rule 9.1.1(b), the purchase price payable for the Kiwi Properties must be aggregated. The total purchase price of \$230 million for the Kiwi Properties will exceed the Average Market Capitalisation threshold under Listing Rule 9.1.1(b). Accordingly, the approval of Shareholders to the acquisition of the Kiwi Properties is being sought by Ordinary Resolution.
- Listing Rule 7.3.1(a): Kiwi Property has agreed to subscribe for such number of new Shares as will result in it holding approximately 19.9% of the total number of Shares on issue immediately following the completion of the transactions comprising the Kiwi Property Proposal (including in particular the issue of new Shares to Kiwi Property and the issue of new Shares under the Entitlement Offer discussed below). In any 12 month period, NPT is permitted to issue, without Shareholder approval, up to approximately 20% of the total number of Shares on issue at the start of that 12 month period plus 20% of the total number of Shares issued during that 12 month period under certain types of share issues. Under the Kiwi Property Proposal, Kiwi Property will hold approximately 19.9% of the total number of Shares on issue once all of the transactions comprising the Kiwi Property Proposal have been completed. However, the number of new Shares required to be issued to Kiwi Property so that it will hold approximately 19.9% of the Shares will represent approximately 25%² of the total number of Shares on issue immediately prior to the issue of those new Shares to Kiwi Property. Accordingly, the approval of Shareholders to the issue of new Shares to Kiwi Property is being sought by Ordinary Resolution. The precise number of Shares to be issued to Kiwi Property is not currently known because that number will depend on the price at which Shares are issued to eligible Shareholders under the Entitlement Offer (and therefore the number of Shares that are issued under the Entitlement Offer in order to raise the required amount to part-fund the acquisition of the Kiwi Properties). Kiwi Property has agreed that it will not be entitled to subscribe for Shares at the price at which Shares are offered to Shareholders under the Entitlement Offer. Instead, Kiwi Property will pay a price per Share equal to the theoretical price for Shares after taking into account the issue of new Shares under the Entitlement Offer. This is described in detail in the section entitled *Subscription for Shares by Kiwi Property*.

As the transactions do not constitute a major transaction under the Companies Act for NPT, NPT is not seeking Shareholder approval by special resolution.

¹ The Average Market Capitalisation of NPT is, in relation to the Kiwi Property Proposal, the volume weighted average market capitalisation of NPT's ordinary shares calculated from trades on the NZX Main Board over the 20 Business Days (as defined in the NZX Listing Rules) before the earlier of the day the transaction is entered into or announced to the market. The Average Market Capitalisation of NPT on 24 March 2017 was \$101.3 million.

² The actual number of new Shares issued to Kiwi Property will depend on the total number of shares issued under the Entitlement Offer, which will not be known until after the Special Meeting.

Overview of the Kiwi Property Proposal

The Kiwi Property Proposal comprises five core elements:

1. The acquisition of the Kiwi Properties

The NPT Group has agreed to acquire the Kiwi Properties, through two wholly-owned subsidiaries, on the terms set out in agreements for sale and purchase dated 29 March 2017 for a total purchase price of \$230 million, which price will be satisfied in cash.

The purchase price is to be funded³ from the proceeds of:

- the proposed Entitlement Offer to raise approximately \$94 million at a price per Share which is still to be determined;
- the issue of such number of new Shares to Kiwi Property as will result in Kiwi Property holding approximately 19.9% of the total number of Shares on issue (taking into account the total number of new Shares to be issued pursuant to the Entitlement Offer) immediately following the issue of these shares; and
- an extension of NPT's bank facilities under which an additional approximately \$87 million will be drawn down on the Commencement Date.

Shareholder approval (by Ordinary Resolution) for the acquisition of the Kiwi Properties and the issue of the new Shares to Kiwi Property is being sought under Resolution 1.

The purchase price to be paid for the Kiwi Properties is, in the Board's opinion, fair and was agreed following extensive negotiations with Kiwi Property. The Kiwi Properties are being acquired at a price which is supported by independent market valuations dated 31 December 2016 commissioned jointly by Kiwi Property and NPT.⁴

Settlement of the acquisition of the Kiwi Properties is scheduled to occur one business day following satisfaction of the last to occur of the settlement conditions described below, or as otherwise agreed between NPT and Kiwi Property.

Settlement Conditions

The acquisition of the Kiwi Properties is subject to a number of conditions, including:

- Shareholder approval of the acquisition of the Kiwi Properties (Resolution 1);
- approval of the Overseas Investment Office to the acquisition of the Kiwi Properties, as an acquisition of significant business assets, which must be satisfied no later than 60 business days following Shareholder approval of Resolution 1 (which may be extended by a period of two months at the request of the NPT Group if the condition is not satisfied by this date). NPT submitted an application in respect of the acquisition of the Kiwi Properties to the Overseas Investment Office on 14 February 2017;
- NPT obtaining sufficient funding on terms and conditions satisfactory to NPT which would enable the acquisition of the Kiwi Properties, which must be satisfied no later than 31 May 2017; and
- NPT completing the Entitlement Offer and raising gross proceeds of at least \$90 million, which must be satisfied by no later than 31 May 2017.

If the conditions are not satisfied (or, if permitted, waived), the Kiwi Property Proposal may not proceed on the terms outlined in this Notice of Meeting (or at all).

Although NPT is incorporated in New Zealand and its Shareholders are predominantly New Zealand-based, a number of NPT's significant shareholders are required to be treated as "overseas persons" for the purposes of the Overseas Investment Act 2005. As a result, NPT is an "overseas person" for the purposes of that Act and therefore requires Overseas Investment Office consent for the acquisition of significant business assets, a category which includes the Kiwi Properties.

³ The numbers are approximate and subject to change, depending on the terms and outcome of the Entitlement Offer and the prevailing value of Shares.

⁴ NPT and Kiwi Property jointly commissioned valuations of the Kiwi Properties from CBRE Limited (CBRE) and CIVAS Limited trading as Colliers International (Colliers) as at 31 December 2016. The valuations supported the purchase price to be paid by NPT with an aggregate value of \$235.8 million. Each of CBRE and Colliers are independent registered valuers who hold an annual practising certificate from the Valuers Registration Board and are members of the New Zealand Institute of Valuers. The valuations determined the fair value of each property representing the estimated price for which the property could be sold on the date of the valuation. To determine the fair value of the properties the valuers assessed (1) the capitalisation of rental based upon an appropriate market yield and (2) the discounted cash flow of the properties. The valuers also made various assumptions based, where possible, on market-based evidence and transactions for comparable properties with similar locations.

The Majestic Centre Agreement

The Majestic Centre Agreement between NPT 10 Limited and Kiwi Property Holdings Limited sets out the terms on which NPT 10 Limited agrees to buy and Kiwi Property Holdings Limited agrees to sell The Majestic Centre at 88-122 Willis Street, Wellington.

The purchase price for The Majestic Centre is \$119 million, payable to Kiwi Property Holdings Limited on the Settlement Date. Upon payment of the purchase price, Kiwi Property Holdings Limited will transfer title to the property to NPT 10 Limited.

The Majestic Centre Agreement is subject to the settlement conditions set out above.

If any condition is not fulfilled or, if permitted, waived by the due date specified in the Majestic Centre Agreement then either party may avoid the agreement by giving written notice to the other.

The Majestic Centre Agreement is collateral to and interdependent with the North City Agreement so that settlement of one Sale and Purchase Agreement shall only take place contemporaneously with settlement of the other, unless one Sale and Purchase Agreement is terminated because of material damage which would result in the building becoming "untenable" as described below.

If there is loss or damage to The Majestic Centre following satisfaction of the settlement conditions but prior to the Settlement Date, which would result in The Majestic Centre becoming "untenable" (meaning that tenants which comprise not less than 40% of the net lettable area would have the right to cancel under the terms of the relevant leases), then within 20 working days NPT may elect to:

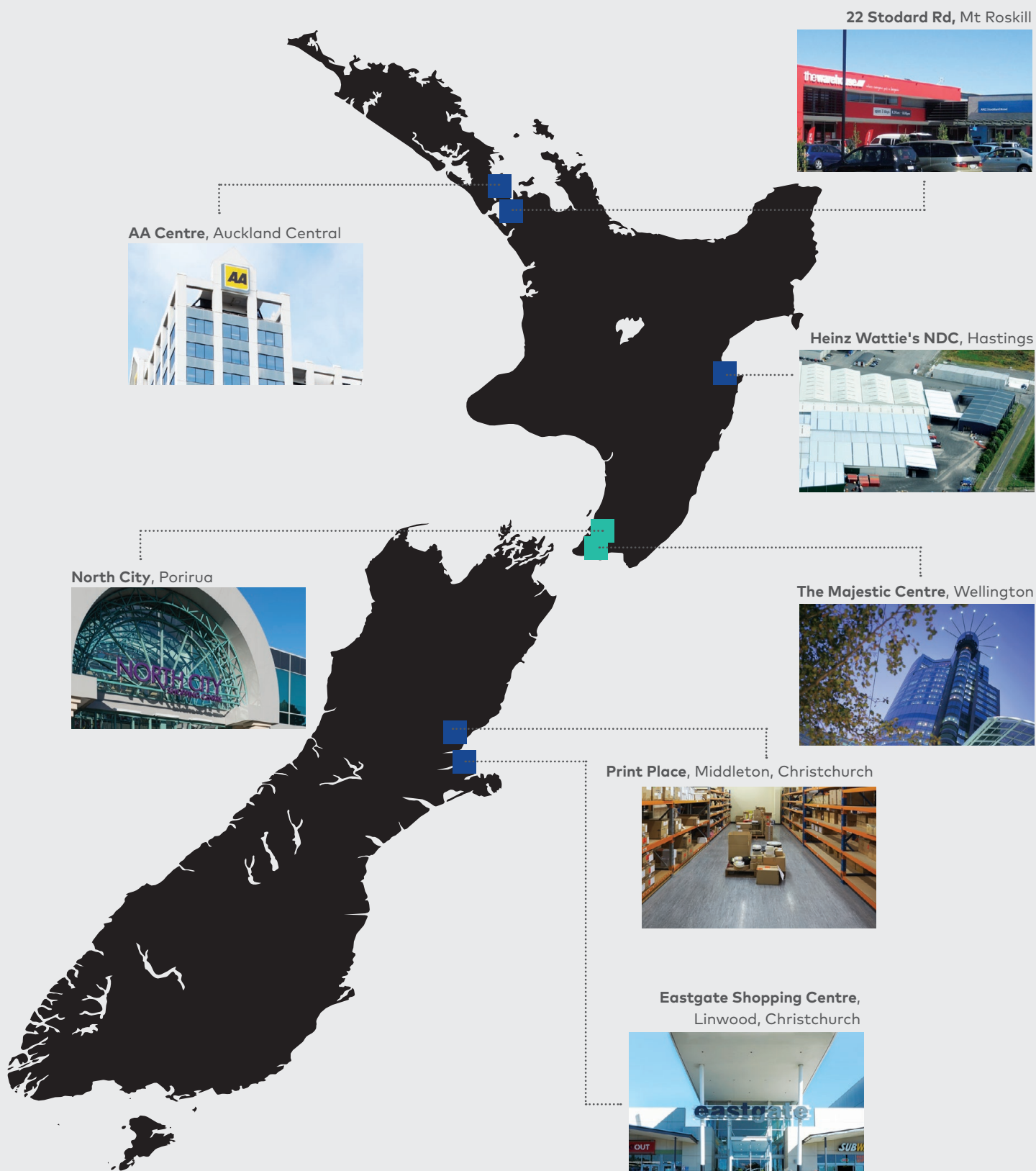
- (a) terminate both the Sale and Purchase Agreements which would effectively terminate the Kiwi Property Proposal in its entirety. In this event, the Board would consider the options available to it at that time, including alternative acquisition opportunities and / or a return of capital to Shareholders; or
- (b) terminate the Majestic Centre Agreement and proceed with settlement of the North City Agreement only. In this event, Kiwi Property would pay \$4 million to NPT in consideration for entry into the Management Agreement and would subscribe and pay for such number of new Shares so that it would hold approximately 11% of the total number of Shares on issue post the Entitlement Offer; or
- (c) proceed with settlement of both the Kiwi Properties. In this event Kiwi Property Holdings Limited would be required to remedy the damage or, if not reasonably practicable to remedy the damage, would on the Settlement Date assign all rights to proceeds of insurance to NPT, and Kiwi Property would pay any insurance deductible.



The North City Agreement

The North City Agreement between NPT 11 Limited and Kiwi Property Holdings Limited sets out the terms on which NPT 11 Limited agrees to buy and Kiwi Property Holdings Limited agrees to sell the North City Shopping Centre at 2 Titahi Bay Road and Lyttelton Avenue, Porirua.

The purchase price for North City Shopping Centre is \$111 million, payable to Kiwi Property Holdings Limited on the Settlement Date. Upon payment of the purchase price, Kiwi Property Holdings Limited will transfer title to the property to NPT 11 Limited.

The North City Agreement requires Kiwi Property Holdings Limited to complete certain works to parts of the North City Shopping Centre, in accordance with specified requirements under relevant agreements and in compliance with specified designs, at its own cost. These works are expected to bring the relevant areas of the North City Shopping Centre up to at least 67% of New Building Standard (**NBS**). Kiwi Property Holdings Limited is responsible for the completion of these works under the terms of the North City Agreement, and any failure to complete them in accordance with the terms of that agreement may result in Kiwi Property being liable to NPT for a breach of contract. The valuation report jointly obtained with Kiwi Property Holdings Limited in respect of the North City Shopping Centre assumes that all components of the North City Shopping Centre have NBS ratings in excess of 67%. The current NBS rating for the North City Shopping Centre differs for each separate structure which comprises the North City Shopping Centre. Two carparking buildings (which are the subject of strengthening works which Kiwi Property Holdings Limited is responsible for managing (at its cost) under the North City Agreement) are currently rated at 25% of NBS. One building (which is the subject of strengthening works to be completed by Kiwi Property Holdings Limited under the North City Agreement) is rated at 34% of NBS. The remaining three buildings are rated between 70% and 91% of NBS. The terms and conditions of the North City Agreement are otherwise the same or substantially the same as the terms and conditions of the Majestic Centre Agreement (including, for example, material damage and the settlement conditions).



-  The Kiwi Properties
-  Existing NPT properties

Description of The Majestic Centre and North City Shopping Centre

The Majestic Centre, 88 - 122 Willis Street, Wellington

One of the most iconic buildings in Wellington and a major feature on the city's skyline, The Majestic Centre is a modern office building constructed in 1991. It is a modern 35-level office building comprising of 21 levels of office accommodation above a 3-level podium, ground floor retail and six levels of basement parking.

The centre is located at the southern end of the Wellington CBD on a freehold site of 3,617 sqm. The lettable area for the centre is 24,473 sqm with 240 carparks, reflecting approximately one carpark per 102 sqm of lettable area.

The Majestic Centre benefits from nationally recognised tenants from the public and private sectors including Opus International Consultants Limited, Earthquake Commission, Ernst & Young, Summerset, NZ Trade & Enterprise, Cigna Life Insurance NZ Limited and The Government of Japan.

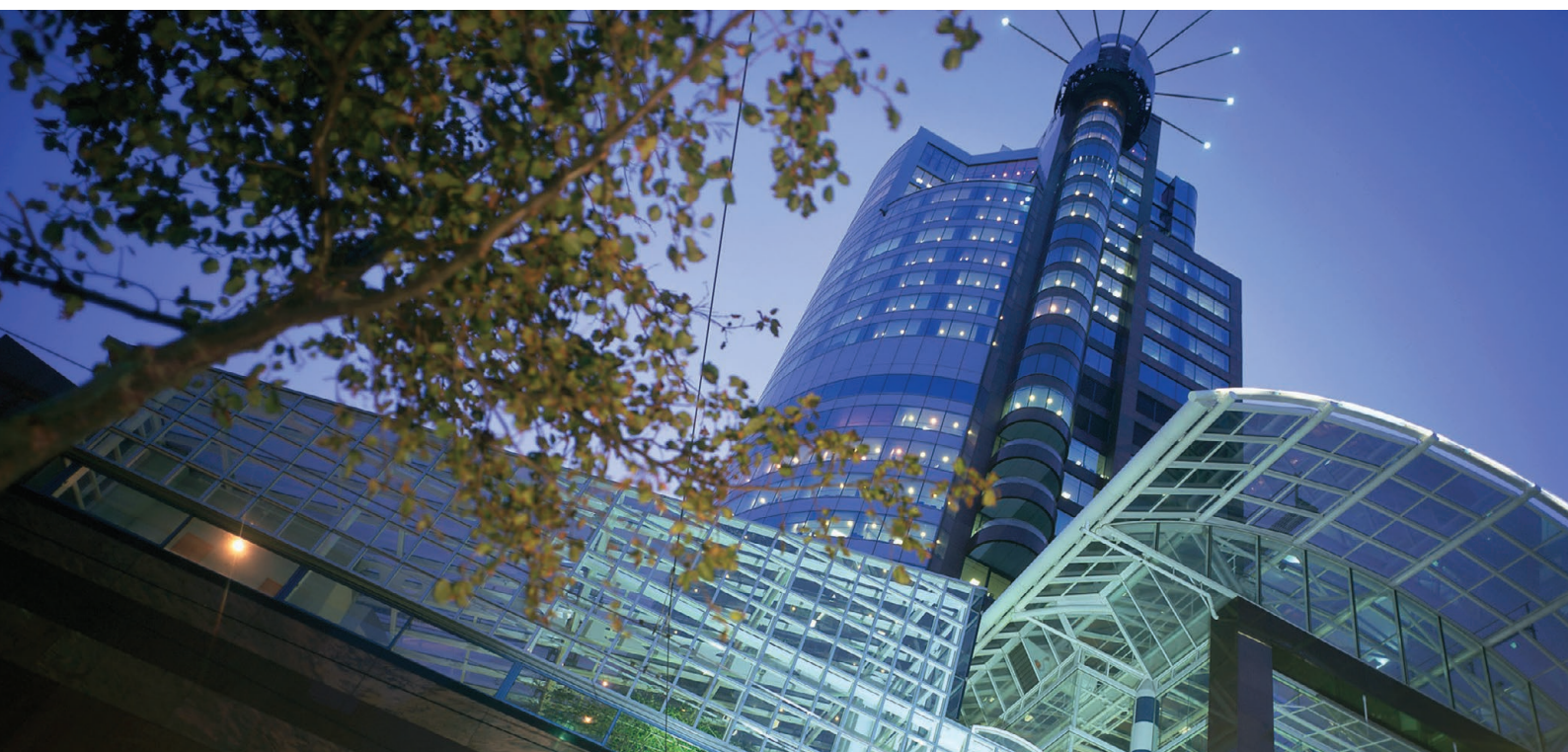
Kiwi Property has recently completed a major seismic strengthening project costing approximately \$84 million, which increased the strength of the building's main tower to 100% of NBS. As a result, 97% of the building's net lettable area achieves a performance rating equivalent to 100% of NBS. Two smaller areas, outside of the main tower, are rated at 85% of NBS (the upper part of main entrance atrium) and 40% of NBS (two small tenancies comprising 3% of net lettable area), respectively.¹

In conjunction with the strengthening project, a substantial internal refurbishment of the building was completed including:

- new lobby café and seating;
- new lift car interiors;
- many floors refurbished; and
- refurbished bathrooms.

The Majestic Centre experienced only minor and non-structural damage in the November 2016 Kaikoura earthquakes. As a result, the building has since recorded a positive increase in leasing enquiry.

¹ The 100% NBS performance rating for the main tower and the NBS performance ratings for the upper part of the main entrance atrium and the two smaller tenancies have been provided to Kiwi Property by Kiwi Property's external engineer, and, in the case of the 100% NBS performance rating for the main tower, has been based on a performance based assessment to ASCE-41 performance objectives at Life Safety and Collapse Prevention limit states for 100% and 150% earthquake load levels to NZS1170.5:2004 (New Zealand Loadings Standard) respectively.



North City Shopping Centre, 2 Titahi Bay Road and Lyttleton Avenue, Porirua

North City Shopping Centre comprises a fully enclosed two level regional shopping centre, which originally commenced trading in 1990, with extensions completed in 1997 and 2004. Located within Porirua's town centre, the 25,000 sqm centre is anchored by Kmart, Farmers and Reading Cinemas with an adjoining New World supermarket under separate ownership. The centre's land area consists of a freehold site of 29,355 sqm and a strata title share of 10,925 sqm.

In addition to the anchors, the centre has four mini-major tenancies (Whitcoulls, Paper Plus, Baby Factory and Life Pharmacy) and 86 specialty retail, kiosk and food court tenancies. Level three of the property has office accommodation, which provides nine suites occupied by predominantly medical and community services tenants.

The centre has enjoyed strong support from its anchors. Farmers has recently entered into a new 15-year lease from September 2016 and intends to refurbish its store in 2017. Kmart re-committed to the centre for a term of 10-years in 2012, and completed a refurbishment of its store in 2015.

The Wellington City Council Urban Growth Plan notes that development projects currently underway will stimulate future residential growth in the northern edge of Wellington City, within the North City Shopping Centre retail spending catchment. Principal areas of residential growth include Lincolnshire Farm and Stebbings Valley. Over recent years there has been significant residential development occurring within the centre's catchment, and Porirua City has the third highest median family income of all territorial authorities in New Zealand. A major roading project, Transmission Gully, is currently under construction between Linden and MacKays. The valuation report commissioned by NPT and Kiwi Property in respect of North City Shopping Centre notes that the direct benefits of Transmission Gully to North City Shopping Centre are likely to be somewhat limited, but may encourage new residential development within the centre's catchment area.

For the 12 months ended 31 December 2016, North City Shopping Centre enjoyed like-for-like growth in total retail sales of 14%.

The retail components of North City Shopping Centre experienced minor and non-structural damage in the November 2016 Kaikoura earthquakes. One carparking building is undergoing planned strengthening works (which are to be managed by Kiwi Property Holdings Limited under the North City Agreement). The centre has therefore not suffered the disruption experienced by competing locations such as Queensgate Shopping Centre following the November 2016 Kaikoura earthquakes.



The Majestic Centre

**88-122 Willis Street,
Wellington**

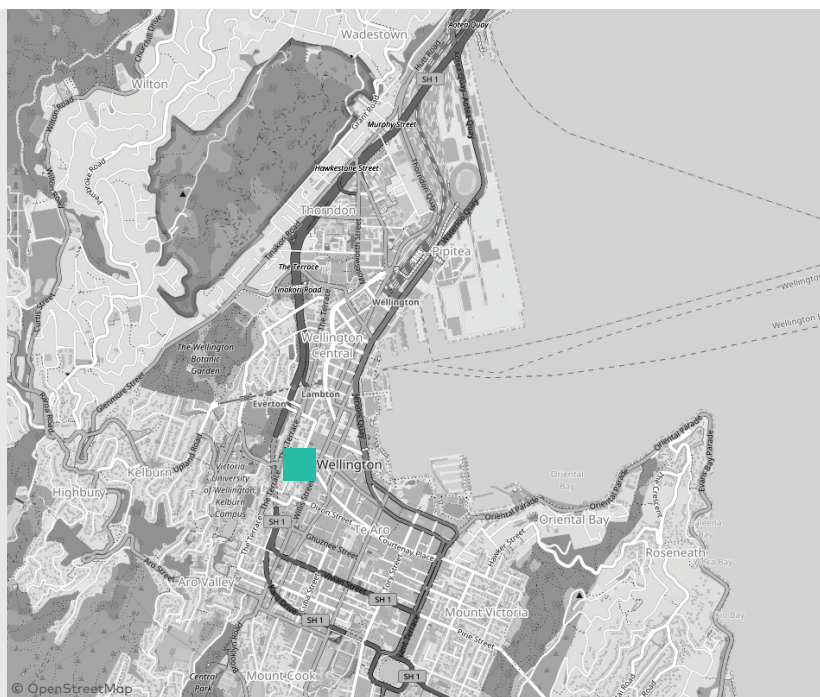
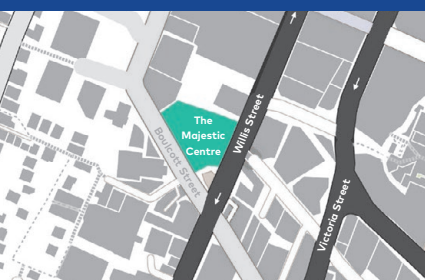
Date constructed
1991

Independent Valuation
\$121.8m

Building grade
A-grade

WALT
5.5 years

Occupancy
91.8%



One of the most iconic buildings in Wellington and a major feature on the city's skyline, The Majestic Centre is a modern 35-level office building constructed in 1991.

Property information as per 31 December 2016

Building grade	A-grade
Date constructed	1991
Net lettable area (sqm)	24,473
Typical floorplate (sqm)	900 - 1,000
Carparks (no.)	240
Net passing income ¹	\$7.83m
Occupancy	91.8%
Weighted average lease term (years) (by area)	5.5
Independent valuation	\$121.8m
Capitalisation rate ²	7.25%
Passing yield ³	6.37%
10-year internal rate of return	8.52%

Notes to table:

Source: 31 December 2016 property valuations and Kiwi Property.

1 Passing income represents the sum of the current total rent and expense recoveries from tenants less the total outgoing property expenses.

2 The capitalisation rate represents the rate utilised by property valuers and applied to the net income of the property (assuming fully leased) to derive its valuation (with adjustments for market rent variations) (from 31 December 2016 valuations).

3 Passing yield represents the passing income divided by the independent valuation.



North City Shopping Centre

2 Titahi Bay Road
Porirua, Wellington

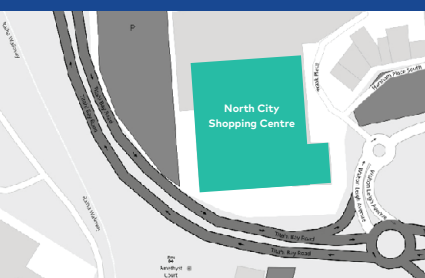
Date constructed
1990

Independent Valuation
\$114.0m

Centre Type
Regional

WALT
3.4 years

Occupancy
99.5%



North City comprises a fully enclosed two level regional shopping centre, which originally commenced trading in 1990, with extensions completed in 1997 and 2004

Property information as per 31 December 2016

Centre type	Regional
Date constructed	1990
Net lettable area (sqm)	25,071
Tenants (no.)	102
Carparks (no.)	1,102
Net passing income ¹	\$9.08m
Occupancy	99.5%
Weighted average lease term (years)	3.4
Independent valuation ²	\$114.0m
Capitalisation rate ³	7.63%
Passing yield ⁴	7.97%
10-year internal rate of return	9.53%
Year to Dec-16 total sales	\$114.7m
Specialty sales (\$/sqm)	6,966
Specialty gross occupancy cost	15.1%

Notes to table:

Source: 31 December 2016 property valuations and Kiwi Property.

1 Passing income represents the sum of the current total rent and expense recoveries from tenants less the total outgoing property expenses.

2 The independent valuation dated 31 December 2016 assumes that all components of North City Shopping Centre have NBS ratings in excess of 67%. Under the North City Agreement, Kiwi Property Holdings Limited is to undertake work at North City Shopping Centre, which is expected to bring all areas of that property up to at least 67% of NBS.

3 The capitalisation rate represents the rate utilised by property valuers and applied to the net income of the property (assuming fully leased) to derive its valuation (with adjustments for market rent variations) (from 31 December 2016 valuations).

4 Passing yield represents the passing income divided by the independent valuation.



NORTH CITY

SHOPPING CENTRE

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NORTH

NORTH

NORTH CITY

NORTH CITY

2. Entitlement Offer

The acquisition of the Kiwi Properties is to be funded in part by new equity capital raised by NPT. NPT is seeking to raise approximately \$94 million of new capital under the Entitlement Offer, at an issue price per Share that has not yet been determined. It is expected that Shares will be issued under the Entitlement Offer at a discount to the market price for Shares at the time that the Entitlement Offer commences.

Based on NPT's current market capitalisation, and allowing for the potential pricing for the Entitlement Offer, it is expected that eligible Shareholders would be offered approximately one new Share for every one Share currently held.¹ The actual number of Shares to be offered to each eligible Shareholder and issued under the Entitlement Offer will depend upon the final price at which the Entitlement Offer is determined to be made.

Forsyth Barr Limited (**Forsyth Barr**) has been appointed as Lead Manager to the Entitlement Offer. To help provide certainty as to funding, the Board intends that the Entitlement Offer will be underwritten. However, as Shareholders must approve Resolution 1 before the Entitlement Offer can proceed, NPT may not be able to confirm the availability or terms of any underwriting arrangement, including the price at which the Entitlement Offer and the underwriting would take place, until after the date of the Special Meeting.

The Entitlement Offer will be undertaken through separate offers to eligible institutional Shareholders and eligible retail Shareholders (being Shareholders with a registered address in New Zealand who are not also eligible institutional Shareholders). Shareholders who are not eligible to participate in the Entitlement Offer may receive value as described below.

Entitlements not taken up under the Entitlement Offer, along with those attributable to ineligible Shareholders, will be offered under two bookbuilds (one after the offer to eligible institutional Shareholders and one after the offer to eligible retail Shareholders) to a range of institutional investors. If the price achieved in a bookbuild exceeds the price for the Entitlement Offer, the excess will be paid, on a pro-rata basis, to the Shareholders that did not, or were ineligible to, take up their entitlement under that offer.

The Entitlement Offer will not proceed if Resolution 1 is not approved by Shareholders, and may not proceed if any of Resolutions 2 to 6 are approved by Shareholders. The acquisition of the Kiwi Properties is unlikely to be able to proceed if the Entitlement Offer is not successful.

Depending on timing, the Entitlement Offer may be completed before NPT has obtained the approval of the Overseas Investment Office for the purchase of the Kiwi Properties. Accordingly, there is a possibility that Shares will be issued under the Entitlement Offer but that the purchase of the Kiwi Properties does not take place because the approval of the Overseas Investment Office is not obtained (or for any other failure to satisfy conditions under the Sale and Purchase Agreements). In those circumstances, NPT would have issued new Shares, and received the amount payable for those Shares, under the Entitlement Offer. The Board would consider the options available to it at that time, including alternative acquisition opportunities for NPT and / or a return of capital to Shareholders.

An offer booklet describing the terms of the Entitlement Offer in more detail (including application instructions and an application form to enable Shareholders to accept their entitlement) (the **Offer Document**) will be sent to Shareholders upon commencement of the Entitlement Offer, provided Shareholders vote in favour of Resolution 1. In addition, NPT will be required to release to the market any non-public price sensitive information held by it before it is able to proceed with the Entitlement Offer.

3. Subscription for Shares by Kiwi Property

On 29 March 2017, NPT and Kiwi Property entered into the Subscription Agreement pursuant to which NPT agrees to issue and Kiwi Property agrees to subscribe for new Shares.

In consideration for the issue of such new Shares, Kiwi Property will, contemporaneous with settlement of the acquisition of the Kiwi Properties, pay NPT an amount equal to the application price per new Share calculated under the Subscription Agreement as the theoretical ex-rights price (**TERP**) of Shares at the time that the Entitlement Offer commences multiplied by the total number of new Shares to be issued to Kiwi Property.

¹ An Entitlement Offer of one new Share for every one Share currently held is expected based upon NPT's market capitalisation of approximately \$99 million as at 24 March 2017, an NPT share price on that date of \$0.61 per Share, an issue price of \$0.58 per new Share under the Entitlement Offer in order for an expected capital raising of approximately \$94 million. The actual amount to be raised and the prevailing NPT share price may vary and as such the number of new Shares to be offered under the Entitlement Offer may vary.

The TERP is effectively the then current volume weighted average price for Shares over the 10 trading days prior to the date that the Entitlement Offer commences, adjusted to allow for the impact in that share price arising from the issue of Shares under the Entitlement Offer at the discounted price at which Shares will be offered to eligible Shareholders under the Entitlement Offer.

If both of the Sale and Purchase Agreements settle according to their terms, the total number of new Shares to be issued by NPT to Kiwi Property will be an amount so that Kiwi Property holds approximately 19.9% of the total number of Shares on issue (inclusive of any Shares to be issued to Kiwi Property), calculated as at 5:00 p.m. on the day that Shares are issued to eligible retail Shareholders under the Entitlement Offer.

If one of the Sale and Purchase Agreements is terminated due to a material damage event which results in the relevant property being "untenable" (meaning that tenants which comprise not less than 40% of the net lettable area would have the right to cancel under the terms of the relevant leases), then the total number of new Shares to be issued by NPT to Kiwi Property will be an amount so that Kiwi Property holds approximately 11% of the total number of Shares on issue (inclusive of any Shares to be issued to Kiwi Property), calculated as at 5:00 p.m. on the day that Shares are issued to eligible retail Shareholders under the Entitlement Offer. This is described above in more detail under the heading *The Majestic Centre Agreement*.

Kiwi Property will pay for the new Shares and NPT will issue the new Shares to Kiwi Property on the Settlement Date.

The Subscription Agreement is subject to the following conditions:

- (a) NPT obtaining the approval of Shareholders by Ordinary Resolution to the acquisition of the Kiwi Properties for the purposes of Listing Rule 9.1.1(b) and to the issue of Shares to Kiwi Property for the purposes of Listing Rule 7.3.1(a); and
- (b) the Sale and Purchase Agreements becoming unconditional in accordance with their terms (see page 9 for more details).

4. Debt Financing

To provide further funding for the purchase of the Kiwi Properties, NPT has obtained the commitment of its bankers to extend NPT's existing debt facility by \$100 million to a maximum facility size of \$170 million (the **Debt Financing**). Under the terms agreed with Bank of New Zealand (**BNZ**), NPT's existing bank facility will be amended to provide:

- Westpac New Zealand Limited and Industrial and Commercial Bank of China (New Zealand) Limited will be added to the banking group as lenders with commitments of up to \$55 million each. BNZ will remain as a lender and as facility agent with a commitment of up to \$60 million;
- an additional facility of up to \$100 million will be available to be drawn by NPT to part fund the acquisition of the Kiwi Properties subject to satisfaction of conditions precedent that include the following:
 - there being no Material Adverse Event (as defined in the Debt Financing documentation) from the date of NPT's latest financial statements;
 - approval of valuations of each property owned by NPT and each of the Kiwi Properties;
 - the NPT Group raising sufficient funds through the Entitlement Offer to complete the acquisition of the Kiwi Properties;
 - the facility agent being satisfied with the due diligence reports in relation to the acquisition of the Kiwi Properties; and
 - delivery to the lenders of a directors' certificate, legal opinions and other documentation.

Subject to the approval of Shareholders to Resolution 1, the amended banking facility is expected to be entered into by NPT and the lenders prior to the commencement of the Entitlement Offer. If Shareholders do not pass Resolution 1, the amended banking facility will not be required and NPT will not proceed with it.

Indicative Acquisition Funding

The indicative funding¹ for the acquisition of the Kiwi Properties can be summarised as follows:

SOURCES	\$ million
Payment from Kiwi Property for the Management Agreement	6.0
New Shares issued to Kiwi Property ²	47.9
New Shares issued under the Entitlement Offer	93.9
Extension of existing debt facilities	86.6
Total sources	234.4
USES	\$ million
Acquisition of the Kiwi Properties	230.0
Transaction costs ³	4.4
Total uses	234.4

Notes to table:

1 With the exception of the payment received for the Management Agreement and the payment made for the acquisition of the Kiwi Properties, the numbers shown are necessarily approximations as the final numbers will depend on the terms and outcome of the Entitlement Offer and the issue of Shares to Kiwi Property and the prevailing value of new Shares.

2 The new Shares issued to Kiwi Property in part consideration for the acquisition of the Kiwi Properties will be issued so as to provide Kiwi Property an approximately 19.9% shareholding in NPT post the Entitlement Offer and the issue of Shares to Kiwi Property, at an issue price based on the volume weighted average price of Shares traded on the Main Board over the 10 trading days up to the date that the Entitlement Offer commences (adjusted for the impact of the Entitlement Offer), provided that if one of the Sale and Purchase Agreements is terminated then Kiwi Property will be issued an amount of new Shares which would result in an approximately 11% shareholding in NPT post the Entitlement Offer and the issue of Shares to Kiwi Property. For the purposes of the indicative funding sources, Kiwi Property is assumed to hold 19.9% of NPT's Shares on issue post the Entitlement Offer. The new Shares issued to Kiwi Property are assumed to have a value of approximately \$47.9 million but this may vary depending on the number of Shares issued under the Entitlement Offer and the prevailing value of Shares.

3 Includes estimated total costs relating to the Kiwi Property Proposal, expected costs relating to the Entitlement Offer, and \$0.5 million of property due diligence and purchase costs.

5. Management Agreement

On 29 March 2017, NPT and Kiwi Property entered into the Management Agreement pursuant to which NPT has appointed, with effect from the Commencement Date, Kiwi Property as the sole and exclusive provider of management and other services to NPT and every subsidiary of NPT (together the **NPT Group**). A summary of the key terms of the Management Agreement is set out below, and a description of the fees payable by NPT is set out at Schedule 3. A copy of the Management Agreement can be found on NPT's website on www.npt.co.nz or upon request in writing to NPT by any Shareholder at the address set out in the Directory.

The Board considers that the entry into and performance of the Management Agreement is in the best interests of NPT and the NPT Group.

Appointment

The appointment of Kiwi Property as the manager of the NPT Group will take effect from the Commencement Date. Kiwi Property will provide management (including property management) and other services to the NPT Group in a skilled and professional manner, manage the NPT Group's business in such a way as to seek to maximise the value of the investment of Shareholders over the medium to long term, and act at all times in the best interests of the NPT Group and in good faith. Kiwi Property will employ a fund manager who will act exclusively for NPT and engage with the Board. The fund manager will represent the interests of NPT with the property and investor market on NPT's behalf.

Termination

The Management Agreement shall continue until terminated in accordance with its terms. The agreement may be terminated as follows:

- either party may terminate the Management Agreement at any time after the fifth anniversary of the Commencement Date by providing the other party with six months' notice in writing (or such other period as agreed between the parties). Any termination by NPT on this basis will only take effect if the termination has been approved by an

Ordinary Resolution of Shareholders. Kiwi Property and its Associated Persons will be precluded from voting on such an Ordinary Resolution. In the event of NPT exercising this right of termination, Kiwi Property will be entitled to a termination fee equal to the higher of 2.5% of NPT's "Total Assets" and "Fair Market Value" (each as defined in the Management Agreement). In the event of Kiwi Property exercising this right of termination, Kiwi Property will be entitled to a termination fee equal to 2.5% of "Total Assets" (as defined in the Management Agreement);

- either party may terminate the Management Agreement by written notice on the occurrence of certain events in relation to the other party, such as liquidation, receivership, insolvency, composition with creditors or appointment of a statutory manager. In the event of NPT exercising this right of termination, no termination fee would be payable by NPT to Kiwi Property. In the event of Kiwi Property exercising this right of termination, a termination fee equal to the higher of 2.5% of NPT's "Total Assets" and "Fair Market Value" (each as defined in the Management Agreement) would be payable by NPT to Kiwi Property;
- either party may terminate the agreement at any time by giving the other party not less than six months' written notice (or as otherwise agreed between the parties in writing), if the other party commits a material breach of a material provision of the agreement and (if the breach is capable of remedy) fails to remedy the breach within 20 working days after receipt of written notice from the non-defaulting party. NPT may only exercise this right of termination if the termination has been approved by an Ordinary Resolution of Shareholders. Kiwi Property and its Associated Persons will be precluded from voting on such an Ordinary Resolution. In the event of NPT exercising this right of termination, no termination fee would be payable by NPT to Kiwi Property. In the event of Kiwi Property exercising this right of termination, a termination fee equal to the higher of 2.5% of NPT's "Total Assets" and "Fair Market Value" (each as defined in the Management Agreement) would be payable by NPT to Kiwi Property; and
- either party may terminate the agreement if the other is prevented or delayed from performing its obligations by reason of force majeure for not less than three consecutive months. If either party exercises this right of termination, a termination fee equal to the higher of 2.5% of NPT's "Total Assets" and "Fair Market Value" (each as defined in the Management Agreement) would be payable by NPT to Kiwi Property.

Kiwi Property may novate the Management Agreement to NPT within six months of receiving written notice that NPT has experienced a change in control (in which case a termination fee equal to the higher of 2.5% of NPT's "Total Assets" and "Fair Market Value" (each as defined in the Management Agreement) would be payable by NPT to Kiwi Property). Kiwi Property may not otherwise assign its rights and obligations under the Management Agreement without the consent of NPT, other than where Kiwi Property assigns its rights and obligations to a wholly owned subsidiary or to an entity which has one or more of its equity securities stapled to the shares in Kiwi Property and in each case where the relevant entity manages Kiwi Property.

Board appointment rights

Under the terms of the Management Agreement, but subject to the Listing Rules and the requirements of any waiver of the Listing Rules granted by NZX, from time to time (if applicable), Kiwi Property may request that NPT call a meeting of Shareholders for the purposes of approving amendments to NPT's constitution to enable Kiwi Property to appoint:

- one director to the Board where the total number of directors (inclusive of the director appointed by Kiwi Property) is five or less;
- two directors to the Board where the total number of directors (inclusive of the directors appointed by Kiwi Property) is six; or
- such number of directors to the Board as is equal to one-third of the total number of directors, rounded to the nearest whole number of directors, where the total number of directors (inclusive of the directors appointed by Kiwi Property) is more than six.

If the Board includes one or more directors appointed by Kiwi Property pursuant to such an amended constitution, then Kiwi Property will not, and will use its best endeavours to procure that its Associated Persons do not, vote on any resolutions to appoint or remove any other director of the Board.

Unless and until such amendment to NPT's constitution occurs, and to the extent permitted by the Listing Rules and applicable law, the Board shall exercise its power to fill any casual vacancy with persons nominated by Kiwi Property, provided that Kiwi Property, as manager, may not nominate a greater number of directors than it would otherwise be entitled to if NPT's constitution was amended as described above. Any directors nominated by Kiwi Property, as manager, and appointed by the Board to fill any casual vacancy would retire and stand for election at the next annual meeting of Shareholders (as required by the Listing Rules).

Operational matters

The Management Agreement also provides for a Conflicts of Interest Policy which sets out how acquisition and leasing opportunities will be managed by Kiwi Property on behalf of its managed entities, including NPT.

Where a conflict of interest is identified by Kiwi Property, which is not an acquisition or leasing opportunity for NPT, Kiwi

Property as manager must determine whether that conflict of interest could have an adverse effect on NPT. If Kiwi Property determines that the conflict of interest will have an effect on NPT, it must advise the Board, who may waive the conflict of interest or require Kiwi Property to prepare, implement and report to the Board on a plan to manage that conflict of interest.

Acquisition opportunities will first be identified by reference to a managed entity's investment strategy, current business plan and any applicable restraints such as contractual, legal, operational or financial reasons that influence a managed entity's ability to undertake a transaction. If this process results in an acquisition opportunity being deemed suitable for more than one entity, Kiwi Property will establish independent teams, with appropriate information barriers, to act on behalf of each party. Accordingly, acquisition opportunities may not be offered exclusively to NPT. Certain acquisition opportunities would not need to be offered to NPT under the Conflicts of Interest Policy, including where:

- (a) the assets which are the subject of the acquisition opportunity are in close proximity to those of another managed entity;
- (b) the acquisition opportunity is available for a particular managed entity due to the specific characteristics of that managed entity;
- (c) an acquisition opportunity is offered confidentially and/or exclusively to a particular managed entity; or
- (d) where an acquisition opportunity is subject to a preferential arrangement between a third party and a managed entity.

Leasing opportunities that arise for two or more entities managed by Kiwi Property are to be dealt with on a similar confidential, competitive basis. Kiwi Property has agreed that, unless it has effective information barriers in place between teams, it will not solicit NPT tenants for the benefit of any other entity that Kiwi Property manages other than where the tenant responds to untargeted public advertising or approaches Kiwi Property, whether directly or through an agent, on an unsolicited basis where the tenant would not be in breach of an existing lease if it were to cease being an NPT tenant.



Rationale for the Kiwi Property Proposal

NPT owns a diverse portfolio of retail, industrial and commercial property located throughout New Zealand. As of 30 September 2016, NPT owned five properties with a total value of \$169.9 million¹, with net assets of \$119.5 million relative to a total market capitalisation of approximately \$99 million as of 24 March 2017.

NPT's small scale when compared to other listed property entities, relatively illiquid share trading and ongoing share price discount to net assets (compared to a number of other entities in the S&P/NZX All Real Estate Index) has affected NPT's ability to successfully raise equity, largely limiting NPT's growth opportunities to organic initiatives such as its expansion projects at Eastgate Shopping Centre and redevelopment of the AA Centre.

In 2016, NPT received four proposals which sought to significantly affect the scale and nature of the company, including the Kiwi Property Proposal. In conjunction with NPT's own review, Northington Partners was engaged to assess each of the proposals with respect to the financial, commercial and strategic impacts on NPT. Northington Partners' advice confirmed the Board's own conclusion that, of the proposals received, the Kiwi Property Proposal would provide the current Shareholders with the best outcome. The Board's conclusion reflected that:

- The Kiwi Properties are more consistent with NPT's existing property portfolio and strategy than the properties offered to NPT under other proposals.
- Kiwi Property has direct ownership of the properties to be acquired, providing greater transaction certainty compared to other proposals received.
- Kiwi Property will make a higher payment for the externalisation of management than amounts offered under other proposals.
- Kiwi Property has proposed what the Board considers to be a market leading management contract, with NPT having the ability to terminate without cause after five years (subject to the payment of a termination fee and the approval of Shareholders by Ordinary Resolution²) and the maintenance of a Board with a majority of independent directors.
- Kiwi Property will become a cornerstone Shareholder with a 19.9% shareholding in NPT, ensuring the parties' interests are aligned.
- The Kiwi Property Proposal was assessed by the Board as being the transaction most likely to be successfully implemented due to the substantial size of the equity investment by Kiwi Property, a capital raising through an Entitlement Offer of a manageable size that could be underwritten and bank funding that allowed NPT to maintain appropriate gearing.
- Kiwi Property was assessed by the Board as being the most credible partner for NPT, being the largest listed property investment vehicle on the NZX³ and a party that already undertakes management of property for third parties.
- The Kiwi Property Proposal provides NPT with the ability to leverage the Kiwi Property management resources to benefit the existing NPT portfolio.

The highlights of the Kiwi Property Proposal and an overview of the benefits the Kiwi Property Proposal provides are summarised in the following pages, together with the key reasons why the Board believes Shareholders should support the Kiwi Property Proposal and vote in favour of Resolution 1.

¹ Based on NPT book values as of 30 September 2016.

² Termination by NPT can be made at any time after the fifth anniversary of the commencement of the Management Agreement upon six months' notice if approved by an Ordinary Resolution of Shareholders (excluding Kiwi Property and its Associated Persons) and upon payment of a termination fee equal to the higher of 2.5% of NPT's "Total Assets" and "Fair Market Value" (each as defined in the Management Agreement). A summary of the Management Agreement is set out above under the heading *Management Agreement*.

³ Based on market capitalisation of members of the S&P/NZX All Real Estate Index as at 24 March 2017.

1. Creation of a larger property portfolio providing scale economies with increased exposure to quality assets

The acquisition of The Majestic Centre and North City Shopping Centre are consistent with the NPT Group's existing investment strategy, founded on a diversified nationwide portfolio of retail, office and industrial properties. The Kiwi Properties share similar investment characteristics with the NPT Group's existing portfolio, considering the relative capitalisation rates, weighted average lease terms and tenant profiles. They also provide larger scale from which to execute NPT's 'Core-Plus' investment strategy (as further detailed below under the heading Future Strategy) and NPT's ambition to target superior risk-adjusted returns and value creation through higher-yielding assets, the avoidance of contested, lower yielding premium-grade assets and the application of active risk and property asset management.

The following table sets out some key metrics for NPT's current portfolio, the two properties included in the Kiwi Property Proposal and the combined portfolio assuming that the Kiwi Property Proposal is approved.

	NPT Standalone	Kiwi Properties	NPT post-completion of the Kiwi Property Proposal
Portfolio value ¹	\$169.9m	\$235.8m	\$405.7m
Number of properties	5	2	7
Number of tenants	89	129	218
Weighted average lease term (years) ²	5.0	4.5	4.7
Capitalisation rate ³	7.9%	7.4%	7.6%
Passing yield ⁴	7.9%	7.2%	7.5%
Occupancy ²	98.3%	95.7%	97.6%

Notes to table:

1 Based on NPT book values as of 30 September 2016 and independent valuations of the Kiwi Properties as of 31 December 2016 on an as complete basis assuming all seismic strengthening work has been completed.

2 NPT portfolio and the Kiwi Properties weighted average lease term and occupancy as of 31 December 2016.

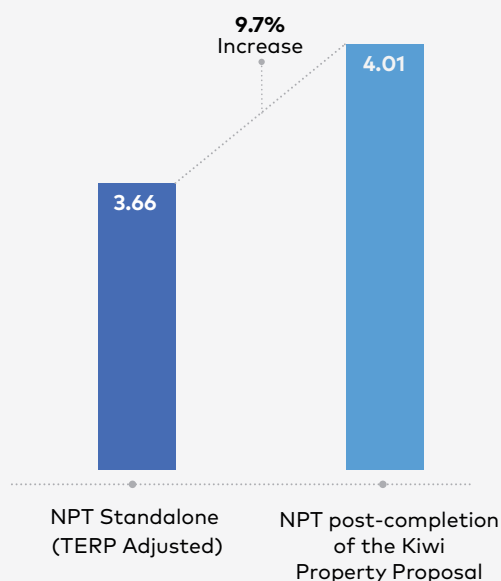
3 The capitalisation rate represents the rate utilised by property valuers and applied to the net income of the property (assuming fully leased) to derive its valuation (with adjustments for market rent variations) (from 31 March 2016 valuations in respect of NPT and 31 December 2016 for the Kiwi Properties).

4 Passing yield represents the sum of the total rent and expense recoveries from tenants less the total outgoing property expenses divided by the independent valuation (from 31 March 2016 valuations in respect of NPT and 31 December 2016 for the Kiwi Properties).

2. Enhanced Distributable Profit for Shareholders

Based on the terms of the acquisition of the Kiwi Properties and the currently expected terms of the Entitlement Offer, the Board expects that the Kiwi Property Proposal will result in improved Distributable Profit per Share in the first full year of ownership. As illustrated below, NPT expects pro forma Distributable Profit per Share to increase by approximately 9.7% as a result of the Kiwi Property Proposal, compared to the Distributable Profit per Share for NPT's existing business for the year to 31 March 2018 (adjusted for the impact of the pro-rata Entitlement Offer – see Note 2 to the table on page 30).

FY18F Pro forma Distributable Profit per Share¹



Notes to graph:

1 Standalone Distributable Profit per Share based on FY18 forecast Distributable Profit per share of 3.75 cents for NPT's existing business adjusted by a factor of 0.975 to reflect the pro-rata bonus element of the Entitlement Offer assuming a 1-for-1 Entitlement Offer at \$0.58 per Share; an existing share price of \$0.61 as of 24 March 2017; and shares issued to Kiwi Property at a theoretical ex-rights price of \$0.595. FY18F pro forma Distributable Profit per share post the Kiwi Property Proposal based on the expected incremental earnings from the Kiwi Properties and proposed funding structure assuming they are acquired on 1 April 2017 and assumes a full year contribution to Distributable Profit. The NPT Board considers Distributable Profit as an appropriate measure to evaluate the impact of the Kiwi Property Proposal relative to GAAP profit measures as it removes the impacts of investment property revaluation gains and other one-off items. Schedule 2 provides a reconciliation of NPT's forecast FY18F net profit before taxation and Distributable Profit following the Kiwi Property Proposal.

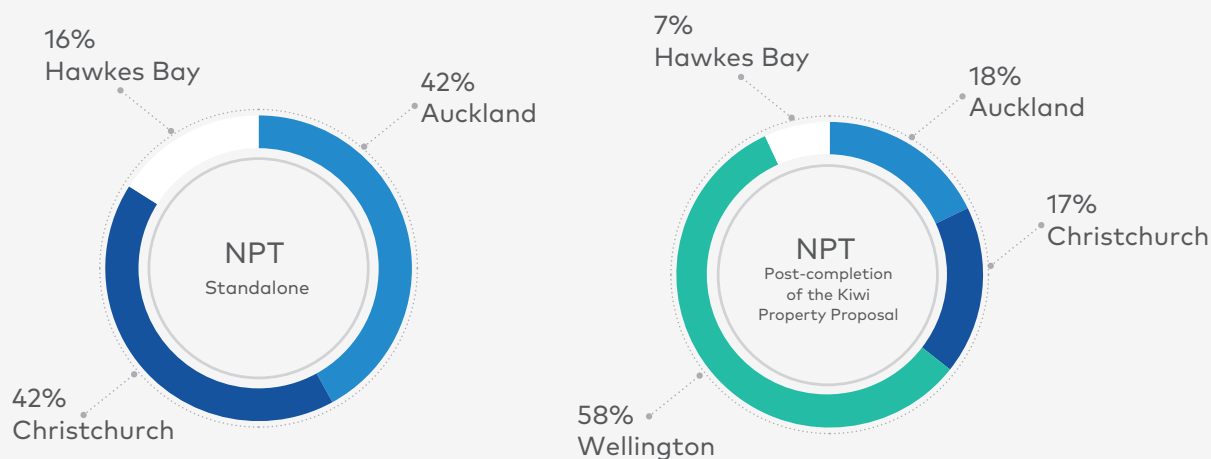
3. Increased property portfolio diversification with enhanced tenant profile

The Kiwi Property Proposal will increase the NPT Group's total property portfolio to seven properties with an average value of approximately \$58 million, compared to the existing portfolio of five properties with an average value of approximately \$34 million.

The Kiwi Property Proposal will establish a significant presence for NPT in the Wellington market. While this results in some concentration in that area, the Kiwi Properties are high quality assets. The displacement of office space in Wellington from the temporary closure or demolition of other buildings is expected to benefit The Majestic Centre, as businesses seek premises in buildings which have been strengthened.

The Board also expects that the investment property portfolio held by NPT following the Kiwi Property Proposal will provide a more scalable platform to acquire additional properties or recycle existing properties into new opportunities. As a larger business, NPT will be able to target further acquisitions while retaining prudent levels of gearing and will be able to dispose of properties with potentially less impact on the financial performance of the business as a whole. With this additional flexibility, NPT expects the geographic weighting of NPT to change over time, providing greater portfolio diversification.

NPT geographic exposure by property value¹

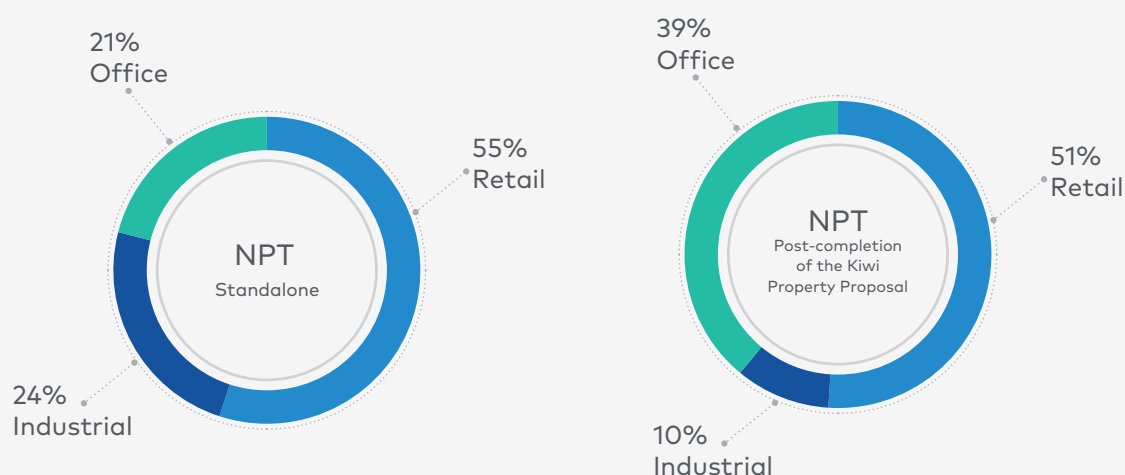


Note to graph:

1 Based on NPT book values as of 30 September 2016 and independent valuations of the Kiwi Properties as of 31 December 2016 on an as complete basis assuming all seismic strengthening work has been completed at North City Shopping Centre, resulting in the property having an NBS rating in excess of 67%.

Following the Kiwi Property Proposal, the NPT portfolio will have increased exposure to retail and commercial office properties, with the combined weighting increasing to 90% compared to 76% currently. However, NPT's 'Core-Plus' strategy (as detailed in the section headed *Future Strategy* on page 30) will allow ongoing consideration of industrial property opportunities nationwide, including within selected provincial centres.

NPT sector exposure by property value²

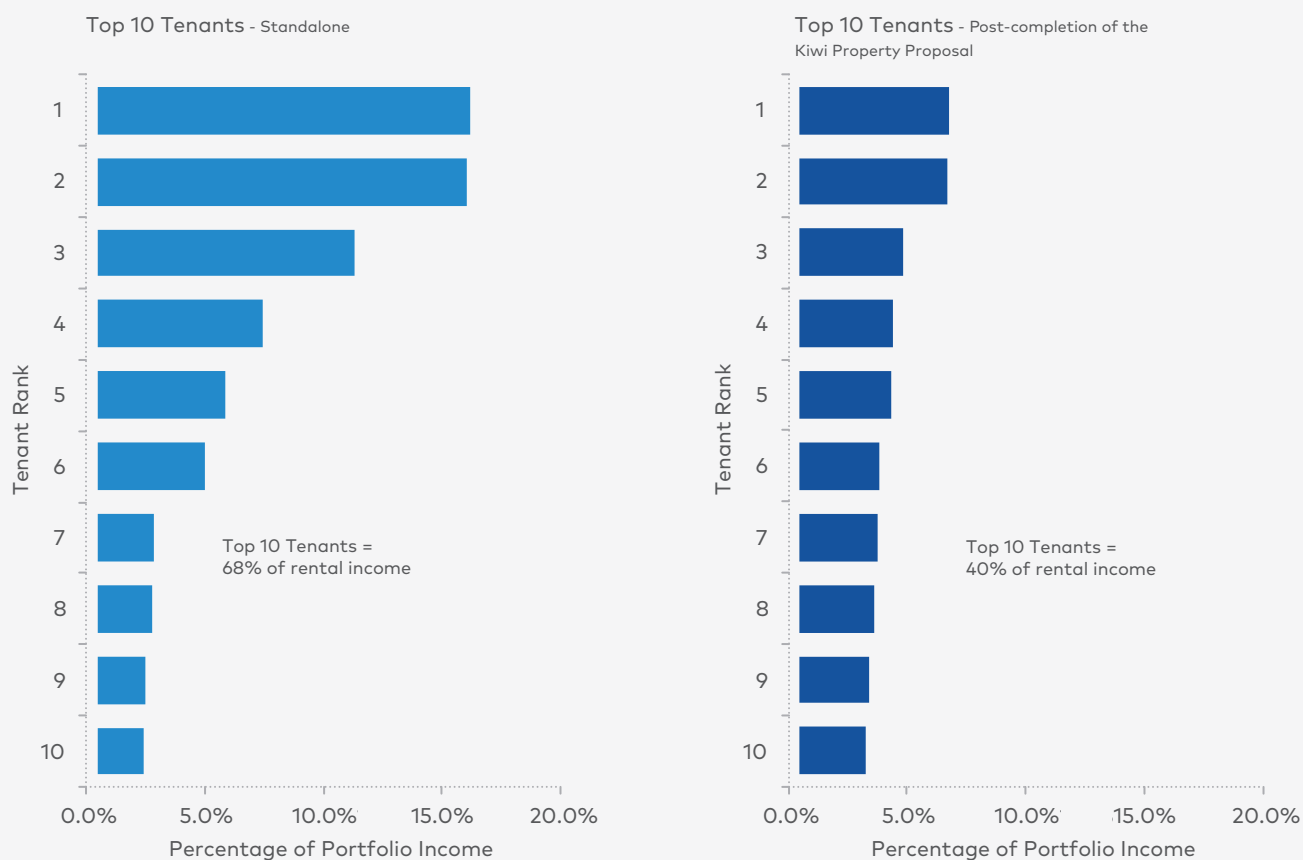


Note to graph:

2 Based on NPT book values as of 30 September 2016 and independent valuations of the Kiwi Properties as of 31 December 2016 on an as complete basis assuming all seismic strengthening work has been completed at North City Shopping Centre, resulting in the property having an NBS rating in excess of 67%.

The Kiwi Property Proposal will significantly diversify the quantity and quality of tenants and reduce NPT's exposure to single tenant vacancy risk. Following completion of the Kiwi Property Proposal, the top 10 tenants will represent approximately 40% of NPT's rental income relative to approximately 68% currently. The Kiwi Property Proposal will introduce or increase NPT's exposure to nationally recognised tenants including Kmart, Farmers, Ernst & Young and Opus International Consultants Limited.

NPT key tenants¹



¹ NPT top tenants by rental income as at 31 December 2016.

4. Increased market capitalisation and index weighting expected to increase liquidity and investor interest with better access to capital markets

The Kiwi Property Proposal and the associated Entitlement Offer is expected to more than double NPT's market capitalisation and should, over time, lead to an expanded shareholder base. NPT expects that this will result in significantly greater share liquidity (i.e. an enlarged pool of buyers and sellers of Shares) and an improved NZX property index weighting. The increased scale of NPT should increase the likelihood of broker research coverage, stimulate wider market interest in NPT and provide enhanced access to equity capital.

Kiwi Property's cornerstone 19.9% shareholding following the Kiwi Property Proposal, as well as access to Kiwi Property's capital management, treasury and investor relations skills should also support NPT's access to capital markets for the benefit of future growth and ongoing improvements in NPT's cost of capital.

5. Greater platform for future growth with significant benefits of partnering with Kiwi Property for NPT's existing and future portfolio

Immediately following the Kiwi Property Proposal, the NPT Group will have total assets in excess of \$400 million and NPT will have expanded debt facilities of up to \$170 million. Approximately \$58 million is already drawn under existing debt facilities, and approximately \$87 million will be used to part fund the acquisition of the Kiwi Properties, with debt to total assets expected to be maintained within the long-run target level of 35%. A larger asset base and available debt capacity will significantly enhance NPT's ability to grow, either through new acquisitions or by recycling capital out of existing properties into new opportunities.

Partnering with Kiwi Property through the Management Agreement and Kiwi Property's cornerstone 19.9% shareholding is expected to benefit NPT through access to:

- a funds and property management platform consisting of over 170 people which covers all disciplines of property ownership, including specialist skills in property management, marketing, development and capital management;
- Kiwi Property's national expertise in office and retail property management, including one of New Zealand's best retail leasing teams;
- opportunities to access Kiwi Property's network of retail tenants for the benefit of NPT's existing portfolio; and
- a broader range of potential investment opportunities that would not otherwise be seen by NPT given its current size and market position.

6. More favourable management structure

Most of the proposals received by NPT involved the externalisation of management through a new management agreement, with varying terms for the contract purchase price, ongoing fees and the level of services provided. While Shareholders approved the internalisation of NPT's previous external management structure in 2010 and NPT considers that an internal structure provides a number of benefits, continuing under this structure was not an alternative under the Kiwi Property Proposal. Accordingly, the Board has sought to obtain terms from Kiwi Property that maximise proceeds from the sale of the management rights, provide tangible ongoing benefits of having Kiwi Property's market presence as manager, maintain NPT independence through a separate Board structure and allow for future termination of the Management Agreement.

Consequently, the terms of the Management Agreement include:

- a purchase price payable by Kiwi Property to NPT of \$6 million;
- Kiwi Property is to undertake its management activities in the best interests of NPT;
- NPT will obtain access to the resources of Kiwi Property and will have a dedicated fund manager appointed who will be responsible for NPT and for engagement with the NPT Board;
- Kiwi Property will be entitled to Board appointment rights; and
- Kiwi Property will be able to be terminated as manager by NPT any time without cause after five years for a payment equal to the greater of 2.5% of NPT's "Total Assets" and "Fair Market Value" (each as defined in the Management Agreement). Kiwi Property may terminate the Management Agreement at any time without cause after five years for a payment equal to 2.5% of NPT's "Total Assets" (as defined in the Management Agreement).

A summary of the terms of the Management Agreement can be found in the section entitled *Management Agreement*.

NPT expects its management expense ratio (the ratio of indirect operating expenses¹ to total assets) following implementation of the Kiwi Property Proposal from approximately 1.3% in FY16 to approximately 0.7% per annum based on the size of the NPT portfolio at the time of settlement of the acquisition of the Kiwi Properties and a full 12 months of operating expenses following the commencement of the Management Agreement.

¹ Indirect operating expenses include the administration expenses of NPT and the "Fund Management Fee" (as defined in the Management Agreement) payable under the Management Agreement (but excluding any "Performance Fee" (as defined in the Management Agreement)).



The Board unanimously supports the Kiwi Property Proposal and strongly recommends that Shareholders vote in favour of Resolution 1 at the Special Meeting.



Summary Financial Metrics

The following table provides a summary of selected financial information for NPT under both a standalone basis and assuming the completion of the Kiwi Property Proposal. For the purposes of the selected financial information, settlement of the Kiwi Property Proposal is assumed to occur on 1 April 2017 (although actual settlement is to occur one business day after the satisfaction of the last to occur of the settlement conditions set out on page 9) allowing for comparison of the impact of the Kiwi Property Proposal based on a full financial year to 31 March 2018. The FY17 and FY18 financial information represents unaudited forecast information based on the Board's expectation of performance for NPT and the Kiwi Properties. The forecast financial information for NPT on a standalone basis has also been adjusted for the associated pro-rata capital raising under the Kiwi Property Proposal in order to allow comparison of the financial performance of NPT combined with the Kiwi Properties against NPT on a standalone basis adjusting for the impact of the Entitlement Offer. The forecast financial information has been prepared by management and approved by the Board for illustrative purposes only. The assumptions underlying the financial information can be found in Schedule 2.

Year Ending 31 March	NPT Standalone			NPT Post-completion of the Kiwi Property Proposal
	FY16A	FY17B	FY18F	FY18F Pro Forma
Distributable Profit per Share (cents) ¹	3.79	3.75	3.75	4.01
Distributable Profit per Share adjusted for the impact of the Entitlement Offer (cents) ^{1, 2}	3.70	3.66	3.66	4.01
Dividends per Share (cents)	3.50	3.60	3.60 ³	3.85
Net Tangible Assets per Share (\$)	0.74	0.75	0.75	0.67
Gearing (total debt / investment properties and property work in progress)	28.2%	32.9%	34.6%	35.4%

Notes to table:

1 Distributable Profit per Share represents NPT's calculation of underlying earnings, which is defined as net profit before income tax adjusted for non-cash items and/or non-recurring items less current tax, divided by the fully diluted shares on issue.

2 Distributable Profit per Share for NPT on a standalone basis adjusted by a factor of 0.975 to reflect the pro-rata bonus element of the Entitlement Offer assuming a 1-for-1 Entitlement Offer at \$0.58 per new Share; an existing share price of \$0.61 as of 24 March 2017; and shares issued to Kiwi Property at a theoretical ex-rights price of \$0.595.

3 If the Kiwi Property Proposal does not proceed, NPT's medium term dividends may reduce as the board expects to adopt a dividend pay-out at the lower end of its dividend policy of distributing 90 - 100% of Distributable Profit in order to recover transaction costs incurred.

Future Strategy

NPT proposes to adopt a 'Core-Plus' strategy following completion of the Kiwi Property Proposal whereby NPT targets:

- higher overall returns through a diversified property portfolio spread across the main centres of Auckland, Wellington and Christchurch, with selected provincial exposures;
- potential acquisitions with long-term returns greater than 10% per annum; and
- a long-term average LVR of approximately 35%.

A copy of NPT's proposed Investment Policy can be found on NPT's website (www.npt.co.nz). Under the terms of the Management Agreement, NPT and Kiwi Property have agreed that the business and affairs of the NPT Group must be undertaken and managed in accordance with the Investment Policy.

The NPT Board believes that this strategy is consistent with the nature of NPT's existing properties and approach of targeting slightly higher overall returns by taking on moderate risk and serving the significant portion of the market that does not seek the highest grade of accommodation.

Dividend Policy

The NPT Board intends to continue its existing dividend policy of distributing between 90 – 100% of Distributable Profit. Distributable Profit is defined by NPT as Net Profit before Taxation adjusted for non-cash items and/or non-recurring items and current tax. A reconciliation of Distributable Profit for the year to 31 March 2016 against Net Profit before Taxation is contained in Note 8 to NPT's annual financial statements for the year ended 31 March 2016.

Early payment of dividend

On 9 March 2017 the Board declared a cash dividend for the third quarter of FY17 (1 October 2016 – 31 December 2016) of 0.90 cents per Share. This dividend will be paid on 30 March 2017.

Consistent with NPT's guidance for cash dividends of 3.60 cents per share for the full year ended 31 March 2017, and the three quarterly cash dividends of 0.90 cents per share paid to Shareholders for the first three quarters of FY17, if Resolution 1 is approved, the Board intends to declare the cash dividend in respect of the fourth quarter of FY17 (1 January 2017 – 31 March 2017) shortly following the Special Meeting. The fourth quarter dividend would normally be paid in June and if Resolution 1 is approved, will be adjusted to reflect the increased number of Shares issued under any Entitlement Offer such that the total dividend for FY17 will be equal to 3.60 cents per share based on the current number of Shares on issue. Based on a 1-for-1 Entitlement Offer, this would represent 0.45 cents per share in respect of the fourth quarter dividend. It is proposed to be paid earlier than usual because the Board intends that current Shareholders should be the beneficiaries of Distributable Profit earned by NPT during the period prior to the issuance of shares to Kiwi Property. As a consequence of the early payment of this dividend, the next dividend (in respect of the first quarter of FY18) is not expected to be paid until September 2017.

Board composition

On 17 March 2017, NPT announced Sir John Anderson's retirement as Chairman and as a director of NPT. Following Sir John Anderson's retirement, the Board appointed Tony Sewell as Chairman. As a result of this, a new independent director may be recruited to join the Board following the implementation of the Kiwi Property Proposal. If a new director is to be appointed, the Board will run a process to identify suitable director candidates. Anyone appointed to the Board in this way would need to retire at the next annual meeting and seek reappointment by Shareholders.

In addition, Kiwi Property will have the right, if and when the Management Agreement commences at the time of settlement of the acquisition of the Kiwi Properties, and subject to the Listing Rules, to nominate up to two directors to fill casual vacancies (if any) on the Board. Anyone appointed to the Board in this way would need to retire at the next annual meeting and seek reappointment by Shareholders. However, Kiwi Property has advised that it does not currently intend to exercise this right. While this reflects Kiwi Property's current position it would be entitled to change this view at any time and exercise its rights under the Management Agreement.

Risks

Introduction

Like any significant transaction for a group of companies, the Kiwi Property Proposal is not free from risk. This section describes the circumstances that NPT is aware of that exist or are likely to arise that significantly increase the risk to NPT's financial position, financial performance or stated plans. The selection of risks has been based on an assessment of a combination of the probability of a risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Board as at the date of this Notice of Meeting. There is no guarantee or assurance that the importance of different risks will not change or that no other risks may emerge over time.

Where practicable, NPT seeks to implement risk mitigation strategies to minimise the exposure to some of the risks outlined below, although there can be no assurance that such arrangements will fully protect NPT from such risks.

You should carefully consider these risks before deciding how to vote in respect of the Resolutions. The statement of risks in this section does not take account of the personal circumstances, financial position or investment requirements of any particular person. It is important, therefore, that before making any voting decision, you give consideration to the suitability of an investment in the Shares in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

Risk	Description	Mitigation strategies
Transaction costs could be significant	<p>NPT has committed significant resource to the analysis of the various proposals received, to the negotiation of the terms of the Kiwi Property Proposal and to the various other associated transactions.</p> <p>If Resolution 1 is not approved by Shareholders, or if any of the transactions under the Kiwi Property Proposal are not implemented (as may be the case if any of Resolutions 2 to 6 are approved by Shareholders), NPT will have incurred significant costs even though the transactions would not proceed as proposed.</p> <p>NPT estimates that total transaction costs for the successful implementation of the Kiwi Property Proposal would be approximately \$4.4 million. In the event that the Kiwi Property Proposal does not proceed, NPT expects that approximately \$1.5 million of these costs would still have been incurred. These costs would impact on NPT's standalone debt levels and may affect the financial performance of NPT and its dividend prospects.</p>	<p>Transaction costs are not material in the context of the Kiwi Property Proposal as a whole. However, they are potentially material to NPT in its current form. Shareholders should take into account the effect of the transaction costs.</p>
Completion of works at North City Shopping Centre	<p>Under the North City Agreement, Kiwi Property Holdings Limited has agreed to undertake (or manage) certain works in respect of North City Shopping Centre (at Kiwi Property Holdings Limited's cost).</p> <p>These works are required to be undertaken under the terms of existing leases or contractual arrangements entered into by Kiwi Property Holdings Limited with the owner of an adjoining property. If the works are not completed on time or to the required standard, tenants may seek to enforce rights under leases against NPT as the landlord. The consequences could potentially include termination of a lease by an anchor tenant.</p>	<p>Kiwi Property has contractual obligations to complete (or manage) these works.</p> <p>Kiwi Property will be a 19.9% shareholder in NPT upon completion of the Kiwi Property Proposal, so is incentivised to complete the works to the required standard.</p> <p>Kiwi Property is incentivised under the Management Agreement through payment of fees.</p>
North City Shopping Centre has been valued on the basis that it has an NBS rating in excess of 67%	<p>The works to be undertaken by Kiwi Property Holdings Limited at North City Shopping Centre described above are expected to bring the relevant areas of the property up to at least 67% of NBS. The works are to be completed in compliance with specified designs and requirements.</p> <p>The valuation report jointly obtained with Kiwi Property in respect of the North City Shopping Centre assumes that all components of the North City Shopping Centre have NBS ratings in excess of 67%. There is a risk that these works are not completed in compliance with the specified designs or, if so, will not result in all components of the North City Shopping Centre having an NBS rating in excess of 67%.</p>	<p>Kiwi Property has obtained external engineering analysis of the works to be undertaken to minimise the risk that the resulting NBS for the North City Shopping Centre is below 67% of NBS.</p>
The Majestic Centre seismic works not performing to expectation	<p>Kiwi Property has spent approximately \$84 million on seismic works at The Majestic Centre. If these works did not perform to expectation, or further seismic works were required, this could be material for NPT and Shareholders.</p>	<p>NPT has the benefit of Kiwi Property's external, independent, engineering advice and sign-offs which have confirmed the NBS rating of each section of The Majestic Centre.</p> <p>The Majestic Centre experienced only minor and non-structural damage in the recent 2016 Kaikoura Earthquakes.</p>

Risk	Description	Mitigation strategies
Performance of external manager	<p>If the Kiwi Property Proposal is implemented, NPT will be reliant on the management of Kiwi Property and the expertise of Kiwi Property's management team. Kiwi Property's performance as manager could have a material impact on NPT's performance.</p> <p>There is also a risk that Kiwi Property makes acquisition allocation decisions that do not necessarily favour NPT and accordingly that NPT misses out on opportunities due to these decisions.</p>	<p>Kiwi Property is the largest listed property vehicle on the Main Board. Kiwi Property will also derive a significant economic benefit from its 19.9% interest in NPT and will be incentivised to perform through the performance fee provisions in the Management Agreement.</p> <p>The Management Agreement may be terminated by NPT as described in the section titled <i>Management Agreement</i>. This would require approval of Shareholders by Ordinary Resolution and the payment of a termination fee to Kiwi Property.</p> <p>Kiwi Property has adopted a Conflicts of Interest Policy under which acquisition and leasing opportunities are dealt with.</p>
NPT may not meet the expected earnings per share or other forward-looking information contained in this Notice of Meeting	<p>NPT has carefully prepared the forward-looking financial information contained in this Notice of Meeting, including the information contained in the table on page 30, to ensure it represents its best estimate of the matters described.</p> <p>The forward-looking financial information has been prepared for illustrative purposes but should not be taken as a guarantee or statement by NPT, the Board or any other person that those results will be achieved.</p>	<p>Shareholders should carefully read the assumptions which are contained in Schedule 2 and be aware that the actual results may vary from the information contained in this Notice of Meeting.</p>
The Entitlement Offer may be unsuccessful if not supported by Shareholders	<p>NPT expects that it will need to raise approximately \$94 million under the Entitlement Offer as part of the funding for the acquisition of the Kiwi Properties. Although the Board intends that the Entitlement Offer be underwritten, the underwriting agreement is only expected to be entered into following the Special Meeting.</p> <p>There is a risk that this underwriting agreement may not be entered into. If it is not underwritten, the Board believes that it will be very difficult to successfully raise the amount required under the Entitlement Offer and therefore the acquisition of the Kiwi Properties may be unable to take place.</p>	<p>Shares will be offered on a pro-rata basis to Shareholders who will be encouraged to take up their entitlements.</p> <p>In the event that there is a shortfall in subscriptions for Shares under the Entitlement Offer, institutional shareholders and other institutional investors will be sought to participate in a bookbuild process to subscribe for these unallocated Shares. The Board has entered into a mandate letter with Forsyth Barr Limited in relation to this process.</p> <p>NPT has also been undertaking a comprehensive process to prepare for the offer so that it can commence as soon as possible after the Special Meeting.</p>



Kiwi Property's Statement

To all Shareholders of NPT,

Kiwi Property is New Zealand's largest listed diversified property company, having listed on the New Zealand Stock Exchange in 1993 as Kiwi Income Property Trust. Today we own and manage a property portfolio valued at in excess of \$3 billion, comprising some of New Zealand's best shopping centres, large format retail centres and office buildings.

Over our 24-year history, we have been instrumental in the development of some of New Zealand's most notable retail and office assets including Auckland's landmark Sylvia Park Shopping Centre, the premium-grade Vero Centre office tower and, more recently, the new head office building for ASB Bank.

Our team of more than 170 people are skilled across the full spectrum of property investment activities including property management, development management, leasing, facilities management and centre management. Our corporate services team are experts in finance, treasury and capital management, human resources, analytics, investor relations, marketing and communications.

Our people are focused on creating exceptional places for exceptional people, supported by values which place innovation, leadership, people, excellence and doing what's right at the core of everything we do.

The partnership proposal described in this Notice of Meeting between Kiwi Property and NPT has the potential to deliver significant opportunities to both grow NPT's assets and optimise earnings and investment returns. The proposal provides a clear pathway for NPT to improve its earnings and increase the company's scale and relevance, positioning the company to grow and prosper.

Our proposed management agreement with NPT is best-in-class and offers NPT Shareholders an ability to terminate the agreement without cause if they should ever deem this to be in the best interests of NPT at some future point.

Kiwi Property's interests will be aligned with NPT's through our 19.9% shareholding in NPT and we will be motivated under the terms of the Management Agreement to perform for the benefit of all NPT Shareholders.

Should we receive your support for our proposal, we would drive NPT's future investment performance by applying our specialist management capabilities to actively and intensively manage NPT's assets and by seeking investment opportunities that create further value for Shareholders.

Kiwi Property Group Limited

30 March 2017

Explanatory Notes relating to Resolutions 2 to 6

Resolutions 2 to 6 relate to the appointment and removal of directors to and from the Board. These Resolutions have been proposed by Augusta, which seeks to remove two of the three current members of the Board, to be replaced by persons nominated by Augusta, including Augusta's chairman.

If all of the Resolutions set out in this Notice of Meeting are passed, the Sale and Purchase Agreements will be unaffected by the change in the Board as they were entered into prior to the new Board being appointed. However, the funding of the Kiwi Property Proposal would require approval by the new Board. There is no guarantee of the approach that a new Board may take in relation to the Kiwi Property Proposal.

In the event that the Board were to change as a result of Resolutions 2 to 6, and in the event the Kiwi Property Proposal was not completed, the negotiation of any subsequent proposal (whether with Augusta or otherwise) would be a matter for the new Board to consider. The Board believes that having directors who are independent from any shareholder or potential transaction counterparty has been an important factor in the negotiation and delivery of what the Board believes is the best outcome for Shareholders.

Accordingly, the Board recommends that Shareholders who support the Kiwi Property Proposal vote against Resolutions 2 to 6.

NPT's constitution provides that the Board must be comprised of a minimum of three and a maximum of six directors (in each case other than alternate directors).

It is possible, although in the Board's view unlikely, that certain combinations of Resolutions 2 to 6 are passed such that there would be less than three directors on the Board in breach of the requirement in NPT's constitution to have a minimum of three. If, after all votes validly cast in respect of Resolutions 2 to 6 are counted, there would be less than three directors on the Board, the remaining director(s) would appoint one director or two directors to fill casual vacancies in order to ensure that there is a minimum of three directors on the Board. Those individuals would remain in office until the end of the next annual meeting, unless they resign or were otherwise removed prior to that time or unless they are reappointed at that annual meeting.

Curricula vitae for each of Robert Allen Bollard, Donald Bruce Cotterill and Paul John Duffy (the Augusta Nominated Directors) are set out at Schedule 1.

Glossary

Associated Person

has the meaning given to that term in the Listing Rules

Augusta

Augusta Capital Limited

Augusta Nominated Directors

each of Robert Allen Bollard, Donald Bruce Cotterill and Paul John Duffy

Augusta Proposal

the proposal received from Augusta dated 28 October 2016

Board

the board of directors of NPT

Chairman

the chairman of the Board

Commencement Date

the date of settlement of the Sale and Purchase Agreements

Companies Act

Companies Act 1993

Debt Financing

the increase in NPT's debt facilities to be implemented under the Kiwi Property Proposal

Distributable Profit

net profit before taxation adjusted for non-cash items and/or non-recurring items less current tax. The NPT Board considers Distributable Profit as an appropriate measure to evaluate the impact of the Kiwi Property Proposal relative to GAAP profit measures as it removes the impacts of investment property revaluation gains and other one-off items. Schedule 2 provides a reconciliation of NPT's forecast FY18 net profit before taxation and Distributable Profit following the Kiwi Property Proposal. Distributable Profit is a non-GAAP measure and therefore does not have a standardised meaning prescribed by GAAP. It may not be comparable to similar financial information presented by other entities. The Distributable Profit numbers set out in this Notice of Meeting have not been subject to audit or review

Entitlement Offer

The offer of NPT Shares intended to be made to all eligible NPT shareholders to part fund the acquisition of the Kiwi Properties

GAAP

New Zealand generally accepted accounting practice

FY

financial year ending 31 March

FY16A

NPT's actual consolidated financial performance for the year ended 31 March 2016

FY17B

NPT's budgeted consolidated financial performance for the year ending 31 March 2017 comprising actual financial performance for NPT and its subsidiaries for the 10 months ended 31 January 2017 and expected financial performance for NPT and its subsidiaries for the two months beginning on 1 February 2017 and ending 31 March 2017

FY18F

NPT's forecast consolidated financial performance for the year ending 31 March 2018

Glossary

this glossary of terms

Kiwi Property

Kiwi Property Group Limited

Kiwi Properties

the two properties to be acquired from Kiwi Property Holdings Limited pursuant to the Kiwi Property Proposal, being the properties known as The Majestic Centre and North City Shopping Centre

Kiwi Property Proposal

the proposal received from Kiwi Property dated 13 December 2016

Listing Rules

the Listing Rules of the NZX Main Board

LVR

the ratio of bank debt owing by NPT to total assets of NPT

Main Board

the main board equity securities market operated by NZX

Majestic Centre Agreement

the sale and purchase agreement dated 29 March 2017 between Kiwi Property Holdings Limited (as vendor) and NPT 10 Limited (as purchaser) in respect of the property known as The Majestic Centre at 88-122 Willis Street, Wellington

Management Agreement

the agreement dated 29 March 2017 between NPT and Kiwi Property in respect of the management of the business and assets of NPT by Kiwi Property

NBS

New Building Standard

North City Agreement

the sale and purchase agreement dated 29 March 2017 between Kiwi Property Holdings Limited (as vendor) and NPT 11 Limited (as purchaser) in respect of the property known as the North City Shopping Centre at 2 Titahi Bay Road and Lyttelton Avenue, Porirua

Notice of Meeting

this notice of special meeting to be distributed to Shareholders

NPT

NPT Limited

NPT Group

NPT and all its subsidiaries

NZX

NZX Limited

Offer Document

the offer document to be issued by NPT to eligible Shareholders in respect of the Entitlement Offer

Ordinary Resolution

a resolution of Shareholders approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the matter

Proposals

the Kiwi Property Proposal and the Augusta Proposal

Registrar

Link Market Services Limited

Resolutions

the Ordinary Resolutions set out in the Notice of Meeting

Sale and Purchase Agreements

together the Majestic Centre Agreement and the North City Agreement

Settlement Date

the date which is one business day following the date that all of the conditions to the Sale and Purchase Agreements have been satisfied or waived or such other date as is agreed by the parties

Share

an ordinary share in NPT

Shareholders

those people who hold ordinary shares in NPT

Special Meeting

the Special Meeting of Shareholders to be held on 21 April 2017 commencing at 11:00 a.m. at Link Market Services Limited, Level 11, Deloitte Centre, 80 Queen Street, Auckland

Subscription Agreement

the subscription agreement between NPT and Kiwi Property dated 29 March 2017 in respect of the issue by NPT to Kiwi Property of new Shares

Schedule 1: Augusta Nominated Directors' Curricula Vitae

Biography for Allen Bollard

I am deeply experienced in accounting and financial management, New Zealand taxation (particularly property activity), New Zealand capital markets (particularly bank debt), treasury management, economic trend analysis, risk/reward asset analysis, acquisition and divestment strategy, leasing strategy and administration, property development risk, and organisational governance.

I am currently a self-employed business and finance consultant and independent director to a number of private clients, a director of Tamaki Makaurau Community Housing Limited and chairman of the trustees of Odyssey House Trust (a government funded drug and alcohol rehabilitation organisation). My previous experience includes:

November 2003 - June 2012:	CEO/CFO of Tramco Group Limited, a private entity which managed and funded various leasehold land portfolios for private investment partnerships.
September 1995 - September 2003:	Self employed business analyst and business valuer. Roles included leading due diligence for Fletcher's proposed acquisition of Smorgon Steel in Australia.
February 1992 - July 1995:	CFO, of Jennings Group, Melbourne which was a subsidiary of Fletcher's and involved in housing, commercial construction, property development and investment.
December 1988 - February 1992:	Finance Director, Fletcher Challenge Construction, Property and Building Materials Group (now Fletcher Building).
November 1985 - November 1988:	CFO, Unity Group of companies - diversified investment group with industrial, commercial and property investments and development assets.
February 1984 - November 1985:	Partner tax consulting, Lawrence Anderson Buddle, Auckland.
September 1983 - February 1984:	Senior tax consulting manager Lawrence Anderson Buddle, Auckland.
January 1980 - August 1982:	Group Audit Manager, Lawrence Anderson Buddle (formerly Buddle & Co).
January 1978 - December 1979:	Senior Auditor, Mann Judd & Co, London January 1976 - December 1977: Auditor, Buddle & Co, Auckland.

Biography for Paul Duffy

Paul Duffy has over 35 years' experience in the property investment/development industry, including as 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.

Biography for Bruce Cotterill

I am a results driven and highly experienced CEO, Chairman and Company Director, who has excelled in a number of dynamic sectors and in a range of extremely demanding roles in businesses going through major change brought about by financial performance, structural change and cultural issues.

Executive Experience Summary:

- 2000 – 2015 Professional Director and Advisor.
- 2009 – 2011 Chief Executive Officer, Yellow Pages Group Ltd, Auckland, NZ.
- 2003 – 2005 Chief Executive Officer, Canterbury International Limited, Christchurch, N.Z.
- 1998 – 2003 Managing Director, ACP Media Limited, Auckland, N.Z.
- 1994 – 1997 Regional Managing Director, Colliers Jardine (Australia) Ltd., Sydney, Australia.
- 1992 – 1994 Managing Director, Colliers Jardine New Zealand Ltd., Auckland, N.Z.
- 1990 – 1992 Associate Director, REL Consultancy Group Ltd, London, England.
- 1987 – 1990 General Manager, Realty Brokers Limited, Auckland, N.Z.
- 1983 – 1987 Principal, Office Automation Company, Tauranga, N.Z.
- 1981 – 1983 Sales Representative, Xerox New Zealand, Tauranga, N.Z.

Governance Experience Summary:

- 2014 – Present: Director, Pumpkin Patch Limited.
- 2013 – Present: Chairman, MOVE Logistics Limited.
- 2013 – Present: Chairman, Advisory Board, New Zealand Retail Property Group Limited.
- 2013 – Present: Member, Advisory Board, International Drug Detection Agency Limited.
- 2012 – Present: Chairman, Swimming New Zealand.
- 2004 – 2012: Chairman, Noel Leeming Group Limited, New Zealand.
- 2007 – 2011: Director, Yellow Pages Group Limited, New Zealand.
- 2006 – 2006: Interim CEO, Gullivers Travel Group Limited, Auckland, NZ.
- 2005 – 2007: Director, Woosh Wireless, New Zealand.
- 2001 – 2006: Chairman, Pinehurst School, Auckland, NZ.
- 1998 – 2003: Director, ACP Media Limited (NZ) Limited, New Zealand Director, Prime Television Limited, New Zealand

Education:

Bachelor of Commerce Degree, University of Auckland, NZ Senior Executive Program, Stanford University, California, USA

Schedule 2: Assumptions Underlying Key Metrics

The Board believes that the financial information and forward-looking statements set out in this Notice of Meeting have been prepared with due care and attention, and considers that the assumptions, when taken as a whole, are reasonable at the time of preparing this Notice of Meeting. However, the financial information and forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of NPT and which may cause the actual results, performance or achievements of NPT or the Shares to differ materially from those expressed or implied by the statements. Accordingly, no assurance can be given that the financial information and forward-looking statements set out in this Notice of Meeting will correspond with actual results and you are cautioned not to place undue reliance on any financial information or forward-looking statement contained in this Notice of Meeting.

You should not regard the financial information or any other forward-looking statement as a representation or warranty by NPT, its directors, officers or advisers or any other person referred to in this Notice of Meeting with respect to the achievement of the results set out in any such statement, or that the underlying assumptions used will in fact be realised.

General Assumptions

The following general assumptions have been made in preparing the summary financial metrics set out on page 30:

- General economic environment: there will be no change in the general economic environment in which NPT operates.
- Legislative and regulatory environment: there will be no material changes to the legislative or regulatory environments in which NPT operates.
- Competitive environment: there will be no material change to the competitive dynamics of the market in which NPT operates, and no new entrants that will materially change the competitive environment.
- Industry: there will be no material change to the prevailing retail, industrial and commercial property industry structure or financial conditions and no events that would materially impact the general property industry.
- Key customers and suppliers: existing contractual, business and operational relationships are assumed to continue throughout the prospective period. There will be no unanticipated loss of key tenants, suppliers or agents.
- Tenant bankruptcy or insolvency: no tenant bankruptcy or insolvency is assumed.
- Operational disruption: there will be no material disruptions to operations such as natural disasters, fires or explosions and normal hazards associated with operating NPT's business.
- Legal exposure: there will be no unexpected litigation or contractual disputes.
- Asset acquisitions or disposals: there will be no material acquisitions or disposals by NPT other than the acquisition of the Kiwi Properties.
- Interest rate environment: there will be no material and/or sudden changes to the interest rate environment.
- Taxation: there will be no material change to the income tax or goods and services tax regimes in New Zealand. Corporate tax rates are assumed to remain unchanged. It is assumed that there will be no change to the existing legislation regarding taxation of capital gains and that NPT will depreciate the acquired Kiwi Properties for income tax purposes. It is assumed that NPT will also continue to qualify as a Portfolio Investment Entity ("PIE").

Specific Assumptions for Summary Financial Information

a. Settlement timing for the Kiwi Property Proposal

Settlement of the Kiwi Property Proposal and the associated Entitlement Offer is assumed to occur on 1 April 2017 (although actual settlement is to occur one business day after the satisfaction of the last to occur of the settlement conditions set out on page 9). This is to allow for comparison of the pro forma impact of the Kiwi Property Proposal based on a full financial year to 31 March 2018.

b. Rental Income

Rental income has been forecast based on existing leases carrying to term and assumes a level of new leases for currently vacant spaces. Rentals for vacant spaces have been determined using independent valuations and consideration of expected market rental growth for each property.

Other than current or expected vacant spaces which have already been identified for new tenants, lease expiries over the term of the forecasts are generally expected to be leased within six months of lease expiry.

The table below summarises the forecast net rental income NPT expects over the FY17 to FY18 financial years for its existing portfolio and that of the Kiwi Properties.

Year Ending 31 March (\$m)	FY16A	FY17B	FY18F
NPT net rental income	11.5	11.2	11.6
Kiwi Properties' net rental income	NA	NA	17.0
Total	11.5	11.2	28.6

c. Management Fee Expenses

Based on the forecast levels of assets under management, the "Fund Management Fee" (as defined in the Management Agreement) payable to Kiwi Property is expected to be \$2.1 million in FY18 with no forecast "Performance Fee" (as defined in the Management Agreement) assumed during the same period.

The key terms of the Management Agreement are described in the section entitled *Management Agreement*. A summary of the fees payable to Kiwi Property under the Management Agreement is set out in Schedule 3.

d. Administration Expense

Administration expenses are expected to reduce post the Kiwi Property Proposal as a majority of NPT's administration function is outsourced to Kiwi Property under the Management Agreement. The majority of the remaining administration expenses will relate to ongoing corporate governance costs such as directors' fees and compliance costs including audit fees, NZX, registry and interim and annual financial reporting costs. The table below summarises the expected administration expenses for NPT on a standalone basis and post the Kiwi Property Proposal.

Year Ending 31 March (\$m)	FY16A	FY17B	FY18F
NPT standalone	2.3	1.9	2.0
NPT post-completion of the Kiwi Property Proposal	-	-	0.8

e. Net Finance Expense

Finance expense is forecast at 4.85% post-transaction being the anticipated average effective interest rate of the debt facilities with BNZ, Westpac New Zealand Limited and Industrial and Commercial Bank of China (New Zealand) Limited allowing for NPT's existing interest rate swap arrangements, the cost of entering into new interest rate swap arrangements and the margin and line fees charged by NPT's banks.

f. Investment Properties

No investment properties are assumed to be acquired or disposed of in FY18F other than the Kiwi Properties under the Kiwi Property Proposal. Notwithstanding this assumption, NPT may acquire additional properties or sell existing properties if it believes it is in the best interests of Shareholders.

The table below summarises the change in investment properties and property work in progress as a result of the Kiwi Property Proposal over FY18F.

Year Ending 31 March (\$m)	FY18F
Opening investment properties and property work in progress	178.1
Acquisition of the Kiwi Properties	230.5
Capital expenditure on the Kiwi Properties	2.1
Unrealised gain on the Kiwi Properties	5.8
Capital expenditure on current NPT properties	5.0
Unrealised gain on current NPT properties	0.4
Closing investment properties and property work in progress	422.0

g. Non-Cash Items and Other One-Off Costs and Adjustments

The table below summarises expected non-cash items and other one-off costs and adjustments in FY18F.

Year Ending 31 March (\$m)	FY18F NPT Standalone	FY18F NPT Post-completion of the Kiwi Property Proposal
Non-recurring items	0.1	0.8
Net lease incentives and commissions	0.4	0.5
Non-cash items and other one-off costs and adjustments	0.5	1.3

Lease incentives and contributions are capitalised and amortised over the lifetime of the lease, and thus reflect a non-cash expense for subsequent years. They are also excluded from NPT's Distributable Profit.

h. Distributable Profit

The table below provides a summary reconciliation of FY18F net profit before tax to Distributable Profit on a standalone basis and post the Kiwi Property Proposal.

Year Ending 31 March (\$m)	FY18F NPT Standalone	FY18F NPT Post-completion of the Kiwi Property Proposal
Net profit before taxation	7.0	30.0
Net change in fair value of investment properties	(0.4)	(6.2)
Sale of Management Agreement	-	(6.0)
Other non-cash items and other one-off costs and adjustments	0.5	1.3
Current tax expense	(1.1)	(2.9)
Distributable Profit	6.1	16.2

i. Dividends

NPT intends to maintain its current dividend policy of distributing between 90 – 100% of Distributable Profit paid on a quarterly basis. Forecast dividends are based on NPT's expected total dividend of 3.60 cents per share for FY17 and maintaining a dividend of 3.60 cents per share for FY18F on a standalone basis, representing a pay-out of approximately 96% of FY18F Distributable Profit. The same pay-out is assumed under the Kiwi Property Proposal, resulting in a dividend of 3.85 cents per share.

j. Debt

NPT has received credit-approved terms for a total debt facility of up to \$170 million from a syndicate of banks including BNZ, Westpac New Zealand Limited and Industrial and Commercial Bank of China (New Zealand) Limited. The expected drawn debt for NPT standalone and post the Kiwi Property Proposal is summarised below.

Year Ending 31 March (\$m)	FY16A	FY17B	FY18F
NPT standalone	48.0	58.5	63.5
NPT post-completion of the Kiwi Property Proposal	-	-	149.5

k. Share Capital

The table below summarises the assumed change in share capital as a result of the Kiwi Property Proposal in FY18.

Year Ending 31 March	FY18F (\$m)	Issue Price	No. of Shares (millions)
Opening contributed capital	134.1		161.9
Proceeds from Entitlement Offer	93.9	\$0.580	161.9
Shares issued to Kiwi Property	47.9	\$0.595	80.5
Capital raising expenses	(3.9)		
Closing contributed capital	272.0		404.3

Schedule 3: Management Agreement Fee Schedule

In return for the performance of its duties as manager, Kiwi Property is entitled to the following fees under the Management Agreement:

1. A fund management fee payable in two parts, the first part being 0.50% per year of the "Total Assets" (as defined in the Management Agreement) less cash (other than insurance proceeds) of the NPT Group up to or equal to \$500 million. The second part of the fund management fee is 0.40% per year of the "Total Assets" (as defined in the Management Agreement) less cash (other than insurance proceeds) of the NPT Group above \$500 million.
2. A performance fee calculated by reference to the total return of NPT.

The performance fee is calculated on a quarterly basis with reference to a threshold return of 2.5% per quarter and a cap of 3.75% per quarter. The performance fee is equal to 10% of the actual increase in shareholder returns which is above 2.5% in that quarter. Where shareholder returns exceed 3.75% in a quarter, no payment will be made for the actual amount of the increase above 3.75% but that amount will be carried forward and added to the calculation of shareholder returns in later quarters. However, if shareholder returns are less than 2.5% in a quarter, that deficit will also be carried forward and subtracted from the calculation of shareholder returns in later quarters. Carried forward returns expire after two years (eight quarterly periods).

The full detail of the calculation of the performance fee is set out in full in the Management Agreement, a copy of which is available on NPT's website or upon request in writing by any Shareholder at the address set out in the Directory. A worked example of the performance fee for illustrative purposes only is available at the end of this Schedule.

3. A development management fee calculated as the higher of 3% of the total cost of the relevant development and Kiwi Property's applicable standard hourly rates from time to time.
4. A termination fee calculated by reference to the higher of fair market value of Kiwi Property's interest in the agreement or 2.5% of the "Total Assets" (as defined in the Management Agreement) of the NPT Group or, where Kiwi Property terminates the agreement without cause after five years, 2.5% of the "Total Assets" (as defined in the Management Agreement) of the NPT Group. The termination fees payable under the Management Agreement are described in more detail in the section titled *Management Agreement*.
5. An acquisition fee of 0.50% of the aggregate of the purchase price plus any other consideration provided or to be provided for any interest in any real property to be acquired by any member of the NPT Group. No fee is payable to Kiwi Property in relation to the acquisition of the Kiwi Properties.
6. A sale fee of 0.50% of the aggregate of the sale price plus any other consideration provided or to be provided for any interest in any real property to be sold by any member of the NPT Group.
7. Where Kiwi Property arranges a new lease, or an extension of an existing lease, a leasing fee of 14.0% of the annual gross rent payable for the first complete year (disregarding any year in which no annual gross rent is payable).
8. A property management fee of:
 - (a) 4.75% of gross income in respect of retail properties;
 - (b) 3.00% of gross income in respect of large format retail properties; and
 - (c) 2.5% of gross income in respect of all other properties.
9. Other fees relating to disengagement, facilities management, legal administration, retail design management and tenancy co-ordination, which are calculated by reference to Kiwi Property's applicable hourly rates from time to time, up to specified amounts.

Management Agreement Performance Fee worked examples and commentary

The following worked examples of the performance fee payable to Kiwi Property are given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance of NPT or the quantum of performance fees that will be paid to Kiwi Property under the Management Agreement. Actual performance fees paid, and the performance of Kiwi Property, under the Management Agreement could differ materially from the fees referred to in the worked examples. The worked examples are necessarily summary in nature and the actual performance fee (if any) will be calculated under the terms of the Management Agreement, which prevails in all respects over the worked examples. NPT and its directors accept no responsibility for any action taken in reliance upon the worked examples by any person.

Worked examples of the potential performance fee payable to Kiwi Property for a 3-month financial quarter are shown following. The examples illustrate three alternative scenarios of the performance fee calculation when the quarterly shareholder return is either below the lower threshold, between the lower and upper threshold or above the upper threshold.

The worked examples assume a market capitalisation of \$250 million. The lower threshold is defined as a less than 2.5% increase in the actual shareholder returns (being price adjusted for cash dividends, rights issues and other capital structure changes for the period) over a quarter. The upper threshold is defined as a greater than 3.75% increase in actual shareholder returns over a quarter. These quarterly shareholder return thresholds equate to an annual total shareholder return threshold of 10.4% to 15.9% (being 2.50% compounded and 3.75% compounded). When the total shareholder return is below the lower threshold or above the upper threshold, the difference is carried forward into the subsequent quarter as the Carried Forward Return (as defined in the Management Agreement). Carried Forward Returns into future quarters expire after two years (eight quarterly periods). The total shareholder return for a quarter is the summation of previous quarters' Carried Forward Return and the current quarter's total shareholder return.

Assumptions	Scenario A	Scenario B	Scenario C
A. Shareholder Return for quarter	2.00%	2.75%	4.00%
B. Carried Forward Return (from previous quarter)	0.15%	0.15%	0.15%
C. Lower Shareholder Return threshold	2.50%	2.50%	2.50%
D. Upper Shareholder Return threshold	3.75%	3.75%	3.75%
E. Performance Fee on assessable return	10.00%	10.00%	10.00%
F. Market capitalisation (at quarter start)(\$'000s)	250,000	250,000	250,000
Calculations			
G. Aggregate Percentage Return: $G = A + B$	2.15%	2.90%	4.15%
H. Carried Forward Return: $H = \text{amount } G \text{ exceeds } D \text{ or } G \text{ is under } C$	-0.35%	0.00%	0.40%
I. Assessable Return for Performance Fee: $I = G - H - C$	0.00%	0.40%	1.25%
J. Performance Fee payable (\$'000s): $J = E \times I \times F$	0	100	313

Scenario A (Shareholder Returns below the Lower Shareholder Return threshold):

- The Aggregate Percentage Return is the Carried Forward Return of 0.15% + 2.00% Shareholder Return for the current quarter being 2.15%.
- The Assessable Return is the amount by which the Aggregate Percentage Return exceeds the Lower Shareholder Return threshold, which in this case is nil.
- The amount by which the Aggregate Percentage Return is below the Lower Shareholder Return threshold is then the Carried Forward Return for subsequent quarters, in this case -0.35%.

Scenario B (Shareholder Returns between the Lower Shareholder Return and Upper Shareholder Return thresholds):

- The Aggregate Percentage Return is the Carried Forward Return of 0.15% + 2.75% Shareholder Return for the current quarter being 2.90%.
- The Assessable Return is the amount by which the Aggregate Percentage Return exceeds the Lower Shareholder Return threshold, which in this case is 0.40%.
- The Performance Fee is 10% of the Assessable Return for that quarter multiplied by the market capitalisation (assumed at \$250 million) at the start of the quarter, which in this case equates to \$100,000.
- The amount of the Carried Forward Return for subsequent quarters is nil.

Scenario C (Shareholder Returns above the Upper Shareholder Return threshold):

- The Aggregate Percentage Return is the Carried Forward Return of 0.15% + 4.00% Shareholder Return for the current quarter being 4.15%.
- The Assessable Return is the amount by which the Aggregate Percentage Return exceeds the Lower Shareholder Return threshold up to a maximum of the Upper Shareholder Return threshold, which equates to 1.25%.
- The Performance Fee is 10% of the Assessable Return for that quarter multiplied by the market capitalisation (assumed at \$250 million) at the start of the quarter, which in this case equates to \$312,500.
- The amount of the Carried Forward Return for subsequent quarters is the amount by which the Aggregate Percentage Return exceeds the Upper Shareholder Return threshold, in this case 0.40%.

Important Information

(a) Forward-Looking Statements

This Notice of Meeting and proxy form attached to it contain forward-looking statements including, without limitation, forward-looking statements regarding the implementation of the Proposals, the financial position, business strategy and plans and objectives of management for future operations of NPT based on NPT's current expectations about future events.

Forward-looking statements contained in the Notice of Meeting and proxy form attached to it are subject to known and unknown uncertainties, assumptions and risks that could cause the approved Proposal not to be implemented or the actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding satisfaction of conditions for and completion of the relevant Proposal and NPT's present and future business strategies and the environment in which NPT will operate in the future. Matters not yet known to NPT or not currently considered material by NPT may impact upon these forward-looking statements.

The statements in the Notice of Meeting reflect views held as at the date of this Notice of Meeting. Shareholders are cautioned not to place undue reliance on such forward-looking statements.

(b) General Information

Unless otherwise indicated, capitalised terms have the meaning set out in the Glossary.

All references to time in this Notice of Meeting are to New Zealand Standard Time (unless the context requires otherwise).

Any reference to \$ and cents is to New Zealand currency.

Due to rounding, some totals may not correspond with the sum of the separate figures.

(c) Enquiries

For all enquiries relating to the Proposals or this Notice of Meeting, please contact NPT on 09 375 5998 (New Zealand only), +64 9 375 5998 or by email at enquiries@linkmarketservices.co.nz or your financial adviser. If you have any questions about how to complete the proxy form, please contact the Registrar as set out in the Directory.

Directory

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Auckland City Post
Auckland 1143
www.npt.co.nz

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Westpac New Zealand Limited
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