Consolidated Financial Statements

For the year ended

31 March 2017

Contents

		Page
1.	Consolidated Financial Statements	3
2.	Notes to the Consolidated Financial Statements	7
3.	Statutory Disclosures	27
4.	Investor Statistics	30
5.	Directory	31

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
Gross Rental Income		17,152	16,977
Other Income		30	3
Unrealised Gain in Fair Value of Interest Rate Swaps	10	732	-
Unrealised Gain in Fair Value of Investment Properties	13	-	3,160
Total Income		**17,914**	**20,140**
Direct Property Operating Expenses	6	(5,276)	(5,405)
Net Finance Costs	7	(2,726)	(2,448)
Administration Expenses	8	(2,612)	(2,318)
Unrealised Loss in Fair Value of Interest Rate Swaps	10	-	(677)
Unrealised Loss in Fair Value of Investment Properties	13	(1,651)	-
Net Loss on Sale of Plant and Equipment	15	(87)	-
Transaction Costs	28	(1,339)	-
Total Expenses		**(13,691)**	**(10,848)**
Profit Before Income Tax		**4,223**	**9,292**
Income Tax Expense	11	1,150	895
Net Profit After Taxation		**3,073**	**8,397**
Other Comprehensive Income		-	-
Total Comprehensive Income		**3,073**	**8,397**
Earnings Per Share		'CENTS PER SHARE	
Basic and Diluted Earnings per Share	22	1.90	5.19

The notes set out on pages 7 to 26 form part of, and should be read in conjunction with the financial statements

Consolidated Statement of Changes in Shareholders Funds
For the year ended 31 March 2017

	NOTE	Audited Contributed Capital $000	Audited Retained Earnings $000	Audited Attributable to owners of the Group $000
Shareholders Funds at 1 April 2015		**134,089**	**(16,664)**	**117,425**
Net Profit after Taxation		-	8,397	8,397
Distributions Paid and Payable to Shareholders	23	-	(6,030)	(6,030)
Shareholders Funds at 31 March 2016		**134,089**	**(14,297)**	**119,792**
Net Profit after Taxation		-	3,073	3,073
Distributions Paid and Payable to Shareholders	23	-	(5,791)	(5,791)
Shareholders Funds at 31 March 2017		**134,089**	**(17,016)**	**117,073**

The notes set out on pages 7 to 26 form part of, and should be read in conjunction with the financial statements

Consolidated Statement of Financial Position
As at 31 March 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
Current Assets			
Cash and Cash Equivalents		2,030	3,101
Accounts Receivable	12	462	342
Prepayments		616	408
Total Current Assets		**3,108**	**3,851**
Non-Current Assets			
Investment Properties	13	175,956	171,265
Property Work in Progress		2,217	559
Fixed Assets	15	1,068	700
Total Non-Current Assets		**179,241**	**172,524**
Total Assets		**182,349**	**176,375**
Current Liabilities			
Trade and Other Payables	16	2,589	3,759
Tax Payable	11	296	279
Total Current Liabilities		**2,885**	**4,038**
Non-Current Liabilities			
Bank and Other Loans	17	58,500	48,000
Deferred Tax Liability	11	2,972	2,894
Interest Rate Swaps	10	919	1,651
Total Non-Current Liabilities		**62,391**	**52,545**
Shareholders' Funds			
Contributed Capital	18	134,089	134,089
Reserves	19	(17,016)	(14,297)
Total Shareholders' Funds		**117,073**	**119,792**
Total Shareholders' Funds and Liabilities		**182,349**	**176,375**

The Board of NPT Limited approved the financial statements for issue on 31 May 2017.

Bruce Cotterill
Chairman

Carol Campbell
Chair Audit and Risk Committee

The notes set out on pages 7 to 26 form part of, and should be read in conjunction with the financial statements

Consolidated Statement of Cash Flows
For the year ended 31 March 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
Cash Flows from Operating Activities			
Cash was provided from/(applied to):			
Gross Rental Income		16,762	16,861
Interest Income		69	75
Taxation Paid		(1,055)	(899)
Other Income		285	65
Operating Expenses		(9,123)	(5,592)
Interest Expense		(2,794)	(2,491)
Net Cash Inflow from Operating Activities		**4,144**	**8,019**
Cash Flows from Investing Activities			
Cash was provided from/(applied to):			
Fixed Assets		(584)	(108)
Capital Expenditure on Investment Properties		(9,340)	(7,034)
Net Cash Outflow from Investing Activities		**(9,924)**	**(7,142)**
Cash Flows from Financing Activities			
Cash was provided from/(applied to):			
(Repayment)/Drawdown of Bank and Other Loans (Secured)		10,500	7,000
Distributions made to Shareholders	23	(5,791)	(7,325)
Net Cash Inflow/(Outflow) from Financing Activities		**4,709**	**(325)**
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,071)	552
Cash and Cash Equivalents at Beginning of Year		3,101	2,549
Cash and Cash Equivalents at the End of the Year		**2,030**	**3,101**

Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

		GROUP 2017 $000	GROUP 2016 $000
Net Profit after Taxation		3,073	8,397
Items Classified as Investing or Financing Activities:			
Unrealised (Gain)/Loss in Fair Value of Investment Properties		1,651	(3,160)
Transaction Costs	28	1,339	-
Net (Gain)/Loss on Sale of Plant and Equipment		87	-
Unrealised (Gain)/Loss in Fair Value of Interest Rate Swaps		(732)	677
Movement in Deferred Taxation		78	(265)
Movements in Working Capital Items:			
Accounts Receivable and Prepayments		(328)	(156)
Trade and Other Payables		(1,170)	2,158
Taxation Payable		17	262
Non-Cash Item			
Depreciation		129	106
Net Cash Inflow from Operating Activities		**4,144**	**8,019**

The notes set out on pages 7 to 26 form part of, and should be read in conjunction with the financial statements

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

01. REPORTING ENTITY

The reporting entity is the consolidated group comprising NPT Limited (“the Company”) and its New Zealand subsidiaries together referred to as “the Group”. NPT Limited is a limited liability company incorporated and domiciled in New Zealand. NPT Limited is registered under the Companies Act 1993, is listed on the New Zealand Stock Exchange (NZX) and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The principal activity of the Company is investing in industrial, retail and commercial property in New Zealand.

02. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The consolidated financial statements also comply with International Financial Reporting Standards (‘IFRS’).

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

Basis of Measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of investment properties and certain financial instruments.

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

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

Functional and Presentation Currency

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

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

In the application of NZ IFRS, Management are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in these consolidated financial statements are described in the following notes:

(i) Income Tax — Note 11

(ii) Investment Properties — Note 13

03. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Consolidation

(a) Subsidiaries

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

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

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

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

(b) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially brought to account at cost plus related costs of acquisition. After initial recognition, investment properties are stated at fair value as determined by an independent registered valuer. Investment properties are valued annually. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of an active market, alternative valuation techniques are utilised which may include discounted cash flow projections, capitalisation of income or sales comparison approach as appropriate to the property being valued. The valuations are prepared by considering the aggregate of the estimated cash flows expected from rental income, the occupancy rates, average lease terms and capitalisation rates which reflect the current market conditions. The estimate of fair value is a judgement which has been made based on the market conditions which apply at each reporting date.

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

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The net gain or loss on disposal of assets is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in the Consolidated Statement of Comprehensive Income in the period in which the disposal occurred.

(c) Fixed Assets

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

Depreciation

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

Summary of rates used:-

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

03. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Operating Leases

(i) Group as Lessor

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

(ii) Group as Lessee

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

(e) Lease Incentives

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

(f) Impairment of Assets

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

(g) Borrowing Costs

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

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

(h) Revenue Recognition

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

(i) Rental Income

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

(ii) Interest Income

Interest Income is recognised on an effective interest method.

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

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

(iv) Property Management Income

Property management income is recognised on completion of service.

03. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Taxation

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

(i) Current Tax

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

(ii) Deferred Tax

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

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

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

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

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

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

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

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

(j) Goods and Services Tax (GST)

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

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

(k) Cash and Cash Equivalents

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

03. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial Instruments

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

(i) Accounts Receivable

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

(ii) Accounts Payable

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

(iii) Equity Instruments

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

(iv) Fair Value Estimation

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

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

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

(v) Loans and Borrowings

All loans and borrowings are initially recognised at fair value plus transaction costs. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs and any discount or premium on drawdown. Interest accrued on Loans and Borrowings is separately disclosed under Trade and Other Payables (refer Note 16).

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

(vi) Derivative Financial Instruments

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

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

03. SIGNIFICANT ACCOUNTING POLICIES (continued)

(vii) Derivative Financial Instruments (continued)

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

(viii) Changes in Accounting Policy

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

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

04. STANDARDS AND INTERPRETATIONS ON ISSUE NOT YET ADOPTED

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

NZ IFRS 9 Financial instruments (Effective from 1 January 2018)
The New Zealand Accounting Standards Board (NZASB) issued the completed version of NZ IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting to replace NZ IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of NZ IFRS 9.

NZ IFRS 15 Revenue from Contracts with Customers (Effective from 1 January 2018)
NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of NZ IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NZ IFRS 16 Leases (Effective from 1 January 2019)
NZ IFRS 16 changes the relevant information to be reported by lessors and lessees with a view to faithful representation of information to the users of financial statements so they can assess the effect leases have on cash flow, financial performance and the financial position of the entity. The standard requires the lessee to recognise assets and liabilities for the rights and obligations created by those leases. Lessors reporting requirements are similar to the previous standard NZ IAS 17 Leases.

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

05. DIRECTOR CHANGES

In the period after 31 March 2017 there were material changes to the Board of the Company. Carol Campbell is the only remaining director who was in office for the full financial reporting year ending 31 March 2017. The other directors were appointed on 21 April 2017, after the end of that financial year.

06. DIRECT PROPERTY OPERATING EXPENSES

	GROUP 2017 $000	GROUP 2016 $000
Tenant Operating Expenses	(4,009)	(4,094)
Owner Operating Expenses	(994)	(1,223)
Bad Debts	(14)	(81)
Movement in Allowance for Doubtful Debts	(259)	(7)
Total Direct Property Operating Expenses	**(5,276)**	**(5,405)**

07. NET FINANCE COSTS

	GROUP 2017 $000	GROUP 2016 $000
Interest Received	69	75
Interest and Finance Charges	(2,795)	(2,523)
Net Finance Costs	**(2,726)**	**(2,448)**

08. ADMINISTRATION EXPENSES

	GROUP 2017 $000	GROUP 2016 $000
Fees paid to Auditor	(87)	(74)
Directors' Fees	(234)	(206)
Employee Costs	(1,260)	(1,214)
Rent	-	(135)
Professional Fees	(477)	(192)
Registry and Stock Exchange Fees	(105)	(89)
Shareholder Communications	(85)	(38)
Other Operating Expenses	(364)	(370)
Total Administration Expenses	**(2,612)**	**(2,318)**

	GROUP 2017 $000	GROUP 2016 $000
Fees paid to Grant Thornton comprise the following:		
Statutory Audit	(55)	(46)
Review Engagement	(29)	(25)
Other Consultancy	(3)	(3)
Total Statutory Compliance Fees	**(87)**	**(74)**
Financial Modelling Services	(47)	-
Total Fees Paid to Grant Thornton	**(134)**	**(74)**

09. DISTRIBUTABLE PROFIT

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

	GROUP 2017 $000	GROUP 2016 $000
Net Profit Before Income Tax	**4,223**	**9,292**
NZ IFRS and other non-recurring and non-cash adjustments		
Net change in fair value investment properties	1,651	(3,160)
Net change in fair value interest rate swaps	(732)	677
Net change in fair value of other assets	129	106
Net lease incentives	(24)	95
Net lease contributions	304	287
Loss/(gain) on disposal fixed assets	87	-
Transaction Costs	1,339	-
Legal Proceedings Costs	255	-
Distributable Profit Before Income Tax	**7,232**	**7,297**
Current tax paid	(1,105)	(1,160)
Distributable Profit after Current Tax	**6,127**	**6,137**
Weighted Average Number of shares for the purpose of Basic Distributable Profit (000's)	161,920	161,920
Weighted Basic Distributable Profit after Current Tax per share (cents)	3.78	3.79
Weighted Average Number of shares for the purpose of Diluted Distributable Profit (000's)	161,920	161,920
Weighted Diluted Distributable Profit after Current Tax per share (cents)	3.78	3.79

10. INTEREST RATE SWAPS

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

Changes in the fair value of Swaps are recognised in the Consolidated Statement of Comprehensive Income. Any unrealised loss is expected to unwind over the longer term. Swaps have been recognised as non-current as the current portion is disclosed in Note 21 is not considered material for separate disclosure in the Statement of Financial Position.

The Group has four interest rate swaps currently in place; the first for $10m will expire on 8th May 2017, the second for $20m will expire on 7 May 2019, the third for $5m expires on 22 April 2021 and the fourth expires on 30 September 2021. The Group has a fifth swap that activates on the 8 May 2017 and expires on 9 May 2022. For details of swaps in place at the end of each reporting period refer to note 17 and 21.

	GROUP 2017 $000	GROUP 2016 $000
Balance, Beginning of Year	**1,651**	**974**
Current Year Fair Value Change of Swaps	(732)	677
Balance, End of Year	**919**	**1,651**

11. INCOME TAX

	GROUP 2017 $000	GROUP 2016 $000
Net Profit Before Taxation	4,223	9,292
Taxation at 28%	1,182	2,602
Less Taxation Effect of Permanent Differences		
Investment Properties Gain	(389)	(1,653)
Other	357	(54)
Taxation Expense/(Benefit) per the Statement of Comprehensive Income	**1,150**	**895**

The Income Tax Expense is represented by:

Current Tax		
Current Year Tax Provision	(1,095)	(1,160)
Total Current Tax Movement	**(1,095)**	**(1,160)**
Current Tax Asset/(Liability)		
Opening Balance	(279)	(17)
Current Year Tax Provision	(1,095)	(1,160)
Tax Paid/(refunded)	1,078	898
Total Current Tax Asset/(Liability)	**(296)**	**(279)**
Deferred Tax		
Lease Incentives	49	70
Unrealised Interest Rate Swap Gain/(Loss)	(205)	189
Provisions	86	17
Other	(8)	(11)
Total Deferred Tax Movement	**(78)**	**265**
Deferred Tax Asset/(Liability)		
Investment Properties Depreciation Recovery	(3,350)	(3,350)
Interest Rate Swaps	257	462
Other	121	(6)
Total Deferred Tax Asset/(Liability)	**(2,972)**	**(2,894)**

IMPUTATION CREDIT ACCOUNT

	GROUP 2017 $000	GROUP 2016 $000
Balance at the End of the Year	**360**	**302**

12. ACCOUNTS RECEIVABLE

	GROUP 2017 $000	GROUP 2016 $000
Trade Receivables	494	322
Allowance for Doubtful Debts	(55)	(13)
Total Trade Receivables	439	309
Sundry Debtors	23	33
Total Accounts Receivable - Current	**462**	**342**

The majority of increase in Trade Receivables relates to a disputed rent review. The majority of the increase in Allowance for Doubtful Debts represents an allowance to reflect the likely settlement of this dispute. The Directors have taken a conservative view of the impact of the resolution of this situation in light of current market conditions at 31 March 2017.

13. INVESTMENT PROPERTIES

Reconciliation of Carrying Amount	GROUP 2017 $000	GROUP 2016 $000
Balance at the Beginning of the Year	171,265	158,225
Capitalised Costs	4,736	8,015
Capitalised Lease Incentives and Commissions	1,606	1,865
Revaluation of Investment Properties	(1,651)	3,160
Balance at the End of the Year	**175,956**	**171,265**

All properties were valued on a fair value basis at each reporting date by independent registered valuers, listed below, who are members of the Institute of Valuers of New Zealand. These valuers are experienced in valuing commercial properties.

The fair values of the Investment Properties at each reporting date are as follows:

GROUP 2017 DESCRIPTION	VALUER	CAPITALISATION RATE	OCCUPANCY RATE %	WALT YEAR	GROUP 2017 $000	GROUP 2016 $000
AA Centre						
99 Albert Street, Auckland	Jones Lang LaSalle	7.63%	91.58%	2.1	41,129	36,582
Eastgate Shopping Centre						
Cnr Buckleys Road & Linwood Avenue, Christchurch	Jones Lang LaSalle	8.13%	96.15%	4.5	60,574	59,237
Print Place						
17 Print Place, Christchurch	Jones Lang LaSalle	9.50%	77.81%	1.3	11,026	13,061
Heinz Wattie's Warehouse						
113 Elwood Road, Hastings	Jones Lang LaSalle	8.13%	100.00%	9.8	27,162	27,385
Roskill Centre						
22 Stoddard Road, Auckland	Jones Lang LaSalle	6.38%	100.00%	4.9	36,065	35,000
					175,956	**171,265**

GROUP 2016 DESCRIPTION	VALUER	CAPITALISATION RATE	OCCUPANCY RATE %	WALT YEAR	GROUP 2016 $000	GROUP 2015 $000
AA Centre						
99 Albert Street, Auckland	Jones Lang LaSalle	7.75%	100.00%	2.7	36,582	34,334
Eastgate Shopping Centre						
Cnr Buckleys Road & Linwood Avenue, Christchurch	Jones Lang LaSalle	8.25%	96.07%	6.1	59,237	48,590
Print Place						
17 Print Place, Christchurch	Jones Lang LaSalle	9.80%	100.00%	2.4	13,061	13,845
Heinz Wattie's Warehouse						
113 Elwood Road, Hastings	Jones Lang LaSalle	8.13%	100.00%	10.8	27,385	27,357
Roskill Centre						
22 Stoddard Road, Auckland	Jones Lang LaSalle	6.63%	94.55%	6.6	35,000	33,500
					171,265	**157,626**

13. INVESTMENT PROPERTIES (continued)

Measurement of Fair Value

(i) Fair Value Hierarchy

The Group's investment properties were valued at 31 March 2017 by independent registered valuers who have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

Discussions of valuation processes and results are held between the Management Team and the Audit and Risk Committee on an annual basis where they verify all major inputs to the independent valuation report, assess property valuation movements when compared to the prior year valuation report and determine whether there are any changes in fair values.

The investment properties are stated at fair value as determined by independent registered valuers. The valuation basis, which conforms to the New Zealand Property Institute’s Valuation for Financial Reporting Purposes Practice Standard, was determined by reference to market evidence of transaction prices for similar properties. Accordingly, fair value is the amount at which the properties could be sold in an arm's length transaction between willing parties, in an active market for similar properties in the same location and condition and subject to similar leases. However, where an active market is absent, in line with usual commercial valuation practice, the valuations are prepared by considering the historical transactions, the aggregate of the estimated cash flows expected from rental income, the occupancy rates, average lease terms and capitalisation rates which reflect the current market conditions.

In deriving fair value under each approach all assumptions are compared, where possible, to the Direct Comparison Approach using the market based evidence and transactions for properties with similar locations, condition and quality of accommodation and analysis of the rate per square metre of net lettable area. The adopted Fair Value is a weighted combination of both the Capitalisation and Discounted Cash Flow approaches.

Where recent comparable market based evidence and transactions are not available, alternative valuation techniques are utilised which may include discounted cash flow projections, capitalisation of income and sales comparison approaches as appropriate to the property being valued. As each of the investment properties are under $100 million, most of the properties have recent transactional evidence to support their valuation.

Based on the inputs used, the Direct Comparison valuation has been categorised as Level 2 Fair Value and Capitalisation of Net Income and Discounted Cash Flow have been categorised as Level 3. The Group has adopted the Jones Lang LaSalle's valuations for financial reporting purposes.

13. INVESTMENT PROPERTIES (continued)

(ii) Level 3 Fair Value

Valuation Techniques and Significant Unobservable Inputs

The following table shows the Capitalisation of Net Income and Discounted Cash Flow Level 3 valuation techniques used in measuring the fair value of investment property. All investment properties at 31 March 2017 have been categorised within Level 3 of the fair value hierarchy.

DESCRIPTION	VALUATION $000	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS	SENSITIVITY OF FAIR VALUE TO CHANGES IN INPUTS The estimated fair value would increase/(decrease) if:
Investment Properties	175,956	Capitalisation of Net Income	The capitalisation rate range applied is 6.38% - 9.50%.	Retail and office rental growth was higher (lower).
			The rental reversion as a rate of investment property value rate range is -1.8% - 11.52%. This is an adjustment for those tenancies whose rental is above or below the market rate.	Rental reversions was higher (lower).
			The capital expenditure as a rate of investment property value rate range is 0.00% - 12.04% over the next 24 months.	Capital expenditure was lower (higher).
		Discounted Cash Flow	The discount rate range applied is 8.25% - 10.75%.	The discount rate was lower (higher).
			Occupancy rate range applied is 77.81% - 100.00%.	The occupancy rate was higher (lower).
			Rental growth rate range is 1.17% - 2.65% over 10 years.	Office rental growth was higher (lower).
			A letting up period range of 3 - 9 months has been allowed at the end of each existing lease of the properties.	Capital expenditure was lower (higher).

14. INVESTMENT IN SUBSIDIARIES

	PERCENTAGE HELD GROUP 2017	GROUP 2016
Eastgate Shopping Centre Limited	100%	100%
The National Property Trust No 2 Limited	100%	100%
22 Stoddard Road Limited	100%	100%
99 Albert Street Limited	100%	100%
NPT Management Team Limited	100%	100%
NPT 10 Limited	100%	100%
NPT 11 Limited	100%	0%

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

15. FIXED ASSETS

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

GROUP 2016	LEASE FITOUTS $000	PLANT & EQUIPMENT $000	FURNITURE & FITTINGS $000	COMPUTER EQUIPMENT $000	TOTAL $000
Cost					
Balance at the Beginning of the Year	422	104	341	103	970
Additions	-	69	27	11	107
Disposals	-	-	-	-	-
Balance at the End of the Year	**422**	**173**	**368**	**114**	**1,077**
Accumulated Depreciation					
Balance at the Beginning of the Year	(109)	(55)	(57)	(50)	(271)
Depreciation	(39)	(14)	(32)	(21)	(106)
Disposals	-	-	-	-	-
Balance at the End of the Year	**(148)**	**(69)**	**(89)**	**(71)**	**(377)**
Net Book Value at the End of the Year	**274**	**104**	**279**	**43**	**700**

16. TRADE AND OTHER PAYABLES

	GROUP 2017 $000	GROUP 2016 $000
Accrued Interest and Fees paid to Bank	324	323
Rent in Advance	146	294
Other Creditors and Accruals	2,119	3,142
Total Trade and Other Payables - Current	**2,589**	**3,759**

17. BANK LOANS

	GROUP 2017 $000	GROUP 2016 $000
Bank of New Zealand (Secured)	58,500	48,000
Total Bank Loans - Non-Current	**58,500**	**48,000**

On 16 July 2015 the Company entered into a new bank facility agreement of $70 million with the Bank of New Zealand. The facility is secured by way of General Security Agreements granted by NPT Limited and each subsidiary of the Company. In addition, the facility is secured by registered first mortgages over all of the real property assets and the cross guarantee of each of the Group's subsidiary companies. The facility is for 60 consecutive months and is due to expire on 22 July 2020.

The weighted average cost of funds for bank debt under the facility, including margin and line fee, at Reporting Date was 5.08% (31 March 2016: 5.60%).

The Group recognises the risk of the fluctuating economic value of financial instruments because of changes in interest rates in its attempt to manage its cash flow interest rate risk. The Group manages this risk by using floating-to-fixed Interest Rate Swaps.

17. BANK LOANS (continued)

Generally, the Group raises borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the Interest Rate Swaps, the Group agrees with other parties to exchange the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Changes in the fair value of Interest Rate Swaps are recognised in the Statement of Comprehensive Income.

Refer to Note 21 for additional information on financial instruments.

18. CONTRIBUTED CAPITAL

	GROUP		GROUP	
	2017 No of shares	2017 $000	2016 No of shares	2016 $000
Fully Paid Shares on Issue	161,920,433	134,089	161,920,433	134,089
Movement in Shares on Issue				
Balance at the Beginning of the Year	161,920,433	134,089	161,920,433	134,089
Balance at the End of the Year	**161,920,433**	**134,089**	**161,920,433**	**134,089**

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

19. RESERVES

Retained Earnings

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

	GROUP 2017 $000	GROUP 2016 $000
Balance at the Beginning of the Year	1,113	1,906
Net Profit after Taxation	3,073	8,397
Transfer to Unrealised Investment Property Revaluation Reserve	1,651	(3,160)
Distributions to Shareholders	(5,791)	(6,030)
Balance at the End of the Year	**45**	**1,113**

Unrealised Investment Property Revaluation Reserve

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

	GROUP 2017 $000	GROUP 2016 $000
Balance at the Beginning of the Year	(15,410)	(18,570)
Transfer from Retained Earnings	(1,651)	3,160
Balance at the End of the Year	**(17,061)**	**(15,410)**
Total Reserves at the End of the Year	**(17,016)**	**(14,297)**

20. SEGMENT INFORMATION

The principal business activity of the Group is to invest in New Zealand properties. The Group's Investment Properties are divided into three business sectors: Industrial, Commercial and Retail. The Group also represents the Group's Investment Properties results by Geographic Region.

The Segment results are the measure of operating profit reported to the Board and they reflect the total profit or loss for the period including non-cash and non-recurring items. The Chief Executive, being the chief operating decision maker, assesses the segment performance and decides on the resource allocation.

20. SEGMENT INFORMATION (continued)

The segment results by Industry for the year ended 31 March 2017 were as follows:

	INDUSTRIAL $000	COMMERCIAL $000	RETAIL $000	UNALLOCATED $000	TOTAL $000
Segment Revenue	3,924	3,711	9,517	-	17,152
Net Segment Revenue	3,281	2,346	5,966	-	11,593
Net Profit/(Loss) before Taxation	1,081	5,880	2,971	(5,709)	4,223
Change in Fair Value of Investment Properties	(2,200)	3,535	(2,986)	-	(1,651)

The segment results by Industry for the year ended 31 March 2016 were as follows:

	INDUSTRIAL $000	COMMERCIAL $000	RETAIL $000	UNALLOCATED $000	TOTAL $000
Segment Revenue	3,950	3,929	9,098	-	16,977
Net Segment Revenue	3,479	2,701	5,329	-	11,509
Net Profit/(Loss) before Taxation	2,921	4,468	7,286	(5,383)	9,292
Change in Fair Value of Investment Properties	(558)	937	2,781	-	3,160

The segment results by Geographic Region for the year ended 31 March 2017 were as follows:

	AUCKLAND $000	HAWKES BAY $000	CANTERBURY $000	UNALLOCATED $000	TOTAL $000
Segment Revenue	6,455	2,308	8,389	-	17,152
Net Segment Revenue	4,514	2,064	5,015	-	11,593
Net Profit/(Loss) before Taxation	8,645	1,864	(577)	(5,709)	4,223
Change in Fair Value of Investment Properties	4,131	(200)	(5,582)	-	(1,651)

The segment results by Geographic Region for the year ended 31 March 2016 were as follows:

	AUCKLAND $000	HAWKES BAY $000	CANTERBURY $000	UNALLOCATED $000	TOTAL $000
Segment Revenue	6,576	2,319	8,082	-	16,977
Net Segment Revenue	4,790	2,133	4,587	-	11,509
Net Profit/(Loss) before Taxation	7,951	2,198	4,526	(5,383)	9,292
Change in Fair Value of Investment Properties	2,332	(25)	853	-	3,160

21. FINANCIAL INSTRUMENTS

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

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

Interest Rate Risk

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

Management monitors the level of interest rates on an ongoing basis, and from time to time, will recommend to the Board that fixed rates are locked in. The notional principal or contract amounts of interest rate contracts outstanding at each reporting date were $40m (2016: $30m).

21. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk (continued)

The Group's exposure to interest rate risk and the effective weighted interest rates for each class of financial asset and liability were:

GROUP 2017	EFFECTIVE INTEREST RATE RANGE	LESS THAN 1 YEAR $000	1-2 YEARS $000	2 YEARS + $000
Financial Assets				
Cash and Cash Equivalents	1.75%	2,030	-	-
Accounts Receivable and Prepayments		1,078	-	-
Total Financial Assets		**3,108**	-	-
Financial Liabilities				
Trade and Other Payables		2,589	-	-
Bank Loans	2.605% - 4.55%	-	-	58,500
Tax Payable		296	-	-
Total Financial Liabilities		**2,885**	-	**58,500**

GROUP 2016	EFFECTIVE INTEREST RATE RANGE	LESS THAN 1 YEAR $000	1-2 YEARS $000	2 YEARS + $000
Financial Assets				
Cash and Cash Equivalents	2.25%	3,101	-	-
Accounts Receivable and Prepayments		750	-	-
Total Financial Assets		**3,851**	-	**1,131**
Financial Liabilities				
Trade and Other Payables		3,759	-	-
Bank Loans	3.30% - 4.55%	-	-	48,000
Tax Payable		279	-	-
Total Financial Liabilities		**4,038**	-	**48,000**

Interest Rate Swaps

Accounting Classifications and Fair Value

	AVERAGE FIXED INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE - LEVEL 2	
	2017	2016	2017 $000	2016 $000	2017 $000	2016 $000
Less than 1 year	4.26%	4.26%	10,000	10,000	55	245
Greater than 1 year but less than 5 years	3.91%	4.45%	30,000	25,000	864	1,406
5 years +	-	-	-	-	-	-
			40,000	**35,000**	**919**	**1,651**

Interest Rate Swaps have been entered into by the Group to hedge against movements in the variable interest rates on its loan facility. This results in the Group holding fixed rate debt and hence there is a risk that the economic value of the Swaps will fluctuate because of changes in market interest rates. Any unrealised gain or loss is expected to unwind over the longer term. The average interest rate is based on the outstanding balance at the end of each reporting period.

As at 31 March 2017, approximately 68.37% (2016: 68.50%) of the Group's bank loan is at a fixed rate of interest.

The fair value of Swaps shown represents the amount of unrealised gains and losses, whereas the notional amount is an aggregate exposure value of all contracts.

The Group holds interest rate swaps at Fair Value through Profit or Loss. The Fair Value of Interest Rate Swaps fall into Level 2 of the Fair Value Hierarchy. Level 2 inputs are inputs other than quoted prices included within Level 1 (quoted prices in active market for identical assets or liabilities) that are observable for the asset or liability, either directly (by price) or indirectly (derived from prices). The fair value is determined using a valuation technique being swap models, discounting the future cash flows and using the yield curves at each reporting date and the credit risk inherent in the contract.

21. FINANCIAL INSTRUMENTS (continued)

Interest Rate Sensitivity

Cash Flow Sensitivity

The Group's assets and liabilities which are subject to interest rate changes, consist of cash and cash equivalents and secured bank loans. A change of 1% in interest rates would have increased/(decreased) profit after income tax and equity in respect of these items by the amounts shown below. This analysis assumes all other variables remain constant.

1% Increase	GROUP 2017 $000	GROUP 2016 $000
Cash and Cash Equivalents	25	22
Bank Loans	(90)	(95)

1% (Decrease)	GROUP 2017 $000	GROUP 2016 $000
Cash and Cash Equivalents	(25)	(22)
Bank Loans	90	95

Fair Value Risk

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at each reporting date. The net fair value of Financial Assets and Liabilities is not materially different from the net carrying amounts disclosed in the consolidated financial statements. The methods used for determining the fair values of financial instruments are discussed in Note 3.

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

GROUP 2016	DESIGNATED AS FAIR VALUE $000	LOANS AND RECEIVABLES $000	FINANCIAL LIABILITIES AT AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Financial Assets					
Cash and Cash Equivalents	-	3,101	-	3,101	3,101
Accounts Receivable	-	342	-	342	342
Total Financial Assets	-	**3,443**	-	**3,443**	**3,443**
Financial Liabilities					
Bank Loans	-	-	48,000	48,000	48,000
Trade and Other Payables	-	-	3,759	3,759	3,759
Interest Rate Swaps	1,651	-	-	1,651	1,651
Total Financial Liabilities	**1,651**	-	**51,759**	**53,410**	**53,410**

Fair Value Estimation

The fair value of financial instruments that are not traded in an active market such as derivative financial instruments, are determined using a valuation technique such as discounted cash flows. The carrying value less an impairment allowance for other financial assets and liabilities is not expected to be materially different to their fair values.

The only financial instruments measured at fair value in the Statement of Financial Position are derivatives (Interest Rate Swaps). The fair value of Interest Rate Swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. As this valuation technique maximises the use of observable market data as an input, the instrument is classified as Level 2 under NZ IFRS 7 Financial Instruments Disclosure.

21. FINANCIAL INSTRUMENTS (continued)

Credit Risk

To the extent the Group has a receivable from another party there is a credit risk in the event of non-performance by that party. Financial instruments, which potentially subject the Group to credit risk, principally consist of bank balances, receivables and advances to tenants.

The Group manages its exposure to credit risk. Actions include:

- Reviewing each new lease contract on an individual basis and imposing appropriate terms as considered necessary.
- Monitoring the credit quality of major financial institutions that are counterparties to its financial instruments. The Group does not anticipate non-performance by the counterparties.

The maximum exposure for all financial assets is the balance recorded in the consolidated financial statements.

Collateral is not required in support of other financial instruments.

Concentrations of Credit Risk

The Group has placed its cash and short-term investments with the Bank of New Zealand. The Group is not exposed to any other concentrations of credit risk other than advances to wholly owned subsidiaries.

Currency Risk

The Group does not have any exposure to foreign currency risk.

Liquidity Risk

Liquidity risk is the risk that the Group will have insufficient funds on hand to meets its commitments. The Group actively monitors its position to ensure that sufficient funds are available to meet liabilities as they arise. Liquidity is monitored on a regular basis and reported to the Board monthly.

The following table sets out the contractual cash flows for all financial liabilities and for derivatives that are settled on a gross cash flow basis.

GROUP 2017	BALANCE $000	CONTRACTUAL CASH FLOWS $000	ON DEMAND $000	LESS THAN 1 YEAR $000	1-2 YEARS $000	2-5 YEARS $000	MORE THAN 5 YEARS $000
Trade and Other Payables	2,589	2,589	26	2,563	-	-	-
Bank Loans	58,500	68,344	-	2,972	2,972	62,400	-
Interest Rate Swaps	919	1,945	-	795	571	579	-
Total Non-Derivative Net Financial Liabilities	**62,008**	**72,878**	**26**	**6,330**	**3,543**	**62,979**	-

GROUP 2016	BALANCE $000	CONTRACTUAL CASH FLOWS $000	ON DEMAND $000	LESS THAN 1 YEAR $000	1-2 YEARS $000	2-5 YEARS $000	MORE THAN 5 YEARS $000
Trade and Other Payables	3,759	3,759	26	3,733	-	-	-
Bank Loans	48,000	59,006	-	2,555	2,555	53,895	-
Interest Rate Swaps	1,651	1,364	-	544	399	421	-
Total Non-Derivative Net Financial Liabilties	**53,410**	**64,129**	**26**	**6,832**	**2,954**	**54,316**	**-**

21. FINANCIAL INSTRUMENTS (continued)

Capital Management

The Group's capital includes contributed capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The impact of the level of capital on Shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantage and security afforded by a sound capital position.

The Bank of New Zealand which is the provider of the loan facility to the Group requires the Group to meet the following covenants:

- Bank debt is less than 50% of gross property value
- EBIT is greater than 175% of total debt interest costs

The Group met these covenants at all times during the reporting period.

The Group's policies in respect of capital management and allocation are reviewed quarterly by the Board of Directors. There are no changes in capital management subsequent to 31 March 2017.

22. EARNINGS PER SHARE

Earnings per Share is calculated by dividing the Profit or Loss attributable to Shareholders (excluding distributions) of the Company by the weighted average number of ordinary Shares on issue during the period.

	GROUP 2017 $000	GROUP 2016 $000
Profit/(Loss) attributable to Shareholders of the Company	3,073	8,397
Number of Shares on Issue	161,920	161,920
Basic Earnings per Share (cents)	1.90	5.19
Number of Ordinary Shares		
At the Beginning of the Year	161,920	161,920
At the End of the Year	161,920	161,920
Number of Ordinary Shares for Basic and Diluted Earnings Per Share	**161,920**	**161,920**

23. DISTRIBUTIONS PAID AND PAYABLE

			NUMBER OF SHARES	GROUP 2017 $000	GROUP 2016 $000
The following distribution was paid in respect of the previous year	Nil	(2016: 0.8000 cents)	161,920,433	-	1,295
The following distribution was declared and paid in respect of the previous year	0.9000 cents	(2016: 1.1000 cents)	161,920,433	1,416	1,781
The following distributions were declared and paid during the year	2.7000 cents	(2016: 2.6250 cents)	161,920,433	4,375	4,249
Total Distributions Paid				**5,791**	**7,325**
Less: Distributions paid in respect of previous ye	Nil	(2016: 0.8000 cents)	161,920,433	-	(1,295)
Distributions Paid or Payable to Shareholders				**5,791**	**6,030**

24. LEASE COMMITTMENTS

Operating Lease Commitments Receivable - As Lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining terms of between 1 month to 11 years.

	GROUP 2017 $000	GROUP 2016 $000
Future minimum rentals receivable under non-cancellable Operating Leases		
Within one year	13,634	13,086
After one year but not more than five years	38,929	35,335
Later than five years	17,828	26,736
Total minimum lease receivables	**70,391**	**75,157**

The above rental receivables are based on contracted amounts as at 31 March 2017 and 31 March 2016. Actual rental amounts collected in future will differ due to rental review provisions within the lease agreements.

Operating Lease Commitments - As Lessee

The Group has entered into a commercial property lease for its Head Office premises at Level 26 PWC Tower, 188 Quay Street, Auckland. This non-cancellable lease is $124,922 p.a. and has a remaining term of 9 months.

	GROUP 2017 $000	GROUP 2016 $000
Future minimum rentals payable under non-cancellable Operating Leases		
Within one year	94	125
After one year but not more than five years	-	94
Total minimum lease payables	**94**	**219**

25. RELATED PARTY TRANSACTIONS

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

	GROUP 2017 $000	GROUP 2016 $000
Salaries and other short term employee benefits	1,260	1,061
Directors' fees	234	206
Total payments to key management personnel	**1,494**	**1,267**

The table above includes remuneration of the Chief Executive and other members of the Executive team. Consulting fees related to meetings and reviewing the annual financial statements totalling $8,043 were paid to Jim Sherwin (Director) during the year (2016: $4,625).

26. CAPITAL COMMITMENTS

At the reporting date the Group had $2.20 million committed to capital expenditure (2016: $4.95 million).

27. CONTINGENT LIABILITIES

At the reporting date the Group had no material contingent liabilities (2016: Nil).

28. SUBSEQUENT EVENTS

Payment of Final Dividend

On 19 May 2017, the Board of NPT Limited declared a payment from the Company of a fourth quarter distribution of 0.90 cents per share, the record date being 2 June 2017 and payment date 16 June 2017.

Kiwi Property Proposal

Special Meeting of Shareholders

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

The investigation of the above proposal, and three other proposals, incurred substantial due diligence, financial investigation, and other legal costs for the Group that have collectively been described as transaction costs.

These costs totalled $1.339 million in the 2017 financial year; they are included in the Financial Statements as transaction costs in the Consolidated Statement of Comprehensive Income. A further $0.450 million of costs is anticipated in the next financial year.

There were five shareholder resolutions to remove two Directors and appoint three new Directors. These resolutions were approved and as a consequence Tony Sewell and Jim Sherwin were removed as Directors and Allen Bollard, Bruce Cotterill and Paul Duffy were appointed to replace them.

STATUTORY DISCLOSURE

PRINCIPLE ACTIVITES

NPT Limited is a listed commercial property investment company investing solely in New Zealand. There have been no changes to the investment policy of the Company during the year to 31 March 2017.

BOARD COMPOSITION

Persons holding office as Directors of the Company as at 31 March 2017 and the names of those persons who ceased to hold office as Directors of the Company during the financial year ending 31 March 2017:

	Date appointed	Date Resigned
Sir John Anderson (Chairman)	1 April 2011	17 March 2017
Anthony Sewell (appointed Chairman 17 March 2017)	26 August 2016	-
Jim Sherwin	10 August 2010	-
Carol Campbell	25 May 2015	-

DIRECTOR REMUNERATION

The following disclosures are provided in respect of payments to Directors:

	Group 2017 $000
Sir John Anderson (retired 17 March 2017)	60
Anthony Sewell (Chairman, appointed 25 August 2016)	54
Jim Sherwin (Chairman of the Audit Committee)	60
Carol Campbell	60
	234

Consulting fees related to meetings and reviewing the annual financial statements totalling $8,043 were paid to Jim Sherwin (Director) during the year (2016: $4,625).

BOARD ATTENDANCE

Directors attended the following formal meetings of the Board and Audit and Risk Committee in the year to 31 March 2016:

	Board Meetings		Audit Meetings	
	Held	Attended	Held	Attended
Anthony Sewell (appointed Chairman 17 March 2017)	3	3	2	2
Sir John Anderson (resigned 17 March 2017)	6	5	5	4
Jim Sherwin (Chairman of the Audit Committee)	6	6	5	5
Carol Campbell	6	6	5	5

INTEREST REGISTER RECORD

The following transactions were recorded in the interest register during the year ended 31 March 2017.

Specific Disclosures

There were no specific disclosures made during the year for interests in any transactions entered into by NPT Limited or its subsidiaries.

General Disclosures

The following general disclosures were made in the year ended 31 March 2017 in respect to the company under Section 140(2) of the Companies Act 1993. New appointments accepted in the year are as follows:

Director	Recorded Interest	
Tony Sewell (Chairman, appointed 25 August 2016)	Business New Zealand	Chairman
	Hanmer Hot Pools & Spa	Deputy Chairman
	Catholic Diocese of Christchurch	Principle Property Advisor
	Tama Asset Holding Company Limited	Director
	Shopping Centre Investments Limited	Director
	Challenge Steel Limited	Director
	The Canterbury Employers Chamber of Commerce	Board Member
	Tony Sewell Limited	Directoir/Shareholder
	Empacher Developments Limited	Directoir/Shareholder
	Canterbury District Health Board	Member
	Maia Foundation	Trustee
	Sewell Family Trust	Trustee
	Fermanagh Trust	Trustee
	Leander Trust	Trustee
Jim Sherwin (Chairman of the Audit Committee)	Sherwin Trustees Limited	Director
Carol Campbell	No additional interest register entries recorded	

Share Dealings by Directors

There were no share dealings by the Directors in the year ending 31 March 2017.

Securities of the company in which each Director had a relevant interest as at 31 March 2017:

Director	Holding	Security Held	Nature of Relevant Interest
J W Sherwin	120,000	Shares	Beneficial interest in shares held by Willow Trust
Carol Campbell	50,000	Shares	Carol Anne Campbell

INDEMNITY AND INSURANCE

The Company has affected Directors and Officers liability insurance at prevailing rates for all Directors.

The Company and its subsidiaries have continued to indemnify the Directors for any costs referred to in Section 162(3) of the Companies Act 1993 and any liability or costs referred to in Section 162(4) of the Act.

EMPLOYEE REMUNERATION

The number of employees within the Group (other than Directors) receiving remuneration and benefits above $100,000 in relation to the year ended 31 March 2017 was:

	GROUP 2017 $000	GROUP 2016 $000
$600,000 pa - $609,999 pa	1	-
$440,000 pa - $449,999 pa	-	1
$290,000 pa - $299,999 pa	-	1
$280,000 pa - $289,999 pa	-	1
$140,000 pa - $149,999 pa	1	-
$130,000 pa - $139,999 pa	1	-
$110,000 pa - $119,999 pa	1	1
$100,000 pa - $109,999 pa	-	1

Chief Executive Remuneration

The Chief Executive's remuneration consists of:

Base salary plus benefits (including Kiwi Saver)	$330,000
Short term and long term incentives	$145,000

During the FY17 year, additional payments were made to recognise outstanding incentive payments and to recognise additional workload.

DONATIONS

The company did not make any donations in the year to 31 March 2017 (2016: Nil).

AUDIT FEES

Amounts paid to the Auditor of the Company:

	GROUP 2017 $000	GROUP 2016 $000
Grant Thornton Audit Fees	55	46
In addition to the audit fee the following other fees were paid to Auditors:		
Review Engagement	29	25
Financial Modelling Services	47	-
Other consultancy	3	3
	134	74

INVESTOR STATISTICS
As at 31 March 2017

TWENTY LARGEST SHAREHOLDERS

	Holder Name	No. of Shares	% of Total Shares
1	Salt Funds Managment Limited/Westpac	23,846,732	14.73%
2	Augusta Capital Limited	15,000,000	9.26%
3	ANZ Wholesale Trans-Tasman Property Securities Fund	11,079,291	6.84%
4	Mfl Mutual Fund Limited	8,267,666	5.11%
5	BNP Paribus Nominees (NZ) Limited	7,009,537	4.33%
6	Forsyth Barr Custodians Ltd	6,665,280	4.12%
7	ANZ Wholesale Property Securities Fund	5,414,301	3.34%
8	Accident Compensation Corporation	5,371,375	3.32%
9	Bnp Paribas Nominees NZ Limited	3,767,881	2.33%
10	NZ Permanent Trustees Ltd Grp Invstmnt Fund No 20	2,925,541	1.81%
11	Investment Custodial Services Limited	2,676,858	1.65%
12	National Nominees New Zealand Limited	2,624,360	1.62%
13	FNZ Custodians Limited	1,798,288	1.11%
14	New Zealand Permanent Trustees Limited	1,470,072	0.91%
15	Forhomes Investments Ltd	1,466,394	0.91%
16	Albert John Harwood & Marlene Mary Harwod	1,100,000	0.68%
17	Leslie Burgess	1,021,542	0.63%
18	Leveraged Equities Finance Limited	750,375	0.46%
19	Tea Custodians Limited	692,830	0.43%
20	Anthony John Simmonds & Maureen Simmonds	653,849	0.40%

SPREAD OF SHAREHOLDERS

Holdings	Holders	Total Shares	%
1-1000	72	46,603	0.03%
1001-5000	366	1,079,440	0.67%
5001-10000	342	2,685,774	1.66%
10001-50000	812	19,432,767	12.00%
50001-100000	134	10,032,132	6.20%
Greater than 1000000	128	128,643,717	79.45%

SUBSTANTIAL SECURITY HOLDERS

As at 31 March 2017 the following shareholders had filed substantial security notices in accordance with section 276 of the Financial Markets Conduct Act 2013.

Shareholder	No. of Shares in which holder had a Relevant Interest	Holding (%)
Augusta Capital Limited	15,000,000	9.26
Accident Compensation Corporation	20,405,095	3.68
Salt Funds Management Limited	27,350,920	16.89
AMP Capital Investors (New Zealand) Limited	9,070,297	4.73
Mint Asset Management	10,167,492	4.98
Salt Funds Management Limited	25,728,134	15.89

DIRECTORY

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