

NPT LIMITED

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011



NPT LIMITED BOARD & MANAGEMENT

Standing: Tony McNeil (Director), David Cushing (Director), Marshall Maine (CFO), Jim Sherwin (Director),
Seated: Kerry Hitchcock (Director and acting CEO) and Sir John Anderson (Chairman)

Contents

CHAIRMAN'S REPORT.....	1.
CEO'S REPORT.....	3.
THE PROPERTIES.....	5.
THE BOARD.....	6.
FINANCIAL SUMMARY.....	8.
FINANCIAL STATEMENTS.....	9.
AUDIT REPORT.....	21.
DIRECTORY.....	IBC.

Chairman's Report



On behalf of the Board of NPT Limited ('NPT', 'the Company') I am pleased to present the first Interim Report for the Company following its corporatisation on 1 April 2011. This report covers the half year from that date to 30 September 2011.

Financial Performance

During the period the Company achieved a trading profit of \$5.4 million before abnormal expenses and unrealised adjustments. This compares with a \$4.4 million trading profit for the same period last year, an increase of 22.7%.

The net loss after tax was \$9.8 million for the half year, compared with a \$13.0 million net loss after tax for the same period last year. The loss was largely the result of unrealised write-downs on the Eastgate Shopping Centre due to the ongoing and significant impact of the Canterbury earthquakes.

The Company is currently awaiting settlement of material damage insurance claims on the Eastgate Shopping Centre and Natcoll House. NPT's business interruption policies cover the loss of rental income for a period of 24 months from 22 February 2011.

As at 30 September 2011 NPT's property portfolio was valued at \$162.15 million compared with \$168.60 million on 31 March 2011. These valuations include Sel Peacock Drive which was sold unconditionally for \$7.3 million prior to 30 September 2011 and settled on 7 November 2011. The proceeds were used to retire debt. Based on the latest valuations the Net Tangible Asset per share is 50.67 cents.

Further details on the individual properties in the Company's portfolio are provided in the CEO's Report which follows this report.

Dividends

Shareholders will receive a dividend of 0.75 cents per share for the quarter ended 30 September 2011. The record date for this dividend payment was 5:00pm on the 7th December 2011 and payment is scheduled to be made on 21st December. This payment is in line with the dividend forecast announced at the Investor Meeting in August. As advised at that time, while the policy is to pay 90% of NPT's distributable profit, the Board recognises that:

"...we do have issues to work through at our Christchurch properties. We are confident that we are dealing with them in a prudent and robust manner and that we are on-track with our plans to rectify these problems. However, due to the current level of uncertainty we are forecasting reduced dividend payments of 3 cents per share for this financial year. Later in the financial year, once some of the current issues in Christchurch have crystallised, we will review the forecast dividends and make appropriate adjustments. We expect that, once the situation in Christchurch has been resolved, dividends will return to, or exceed, current levels. We certainly believe that there is scope for growth. (Excerpt from Address delivered to investors on 29 August 2011)"

Strategic Outlook

The corporatisation earlier in the year has created a platform on which to build shareholder value and provide strong platform for consistent dividend returns to shareholders.

The new structure has facilitated a closer connection between the board and management, which has resulted in robust, timely decision making processes that have worked well as we deal with the complexities of the Christchurch situation. We also expect to exceed the forecast savings of \$550,000 resulting from the corporatisation.

The Company has built a solid working relationship with the Bank of New Zealand, recently securing a new \$80 million facility. The facility runs through to November 2014.

We have an excellent executive team, including recently appointed CFO Marshall Maine, who are committed to a timely and successful conclusion to insurance claims, creating property management efficiencies and diversifying the portfolio by sector and location.

The property management focus is to minimise vacancy rates and find the right balance between weighted average lease term (WALT) and higher yields.



Sir John Anderson

CHAIRMAN

Introducing Marshall Maine



The Company appointed Marshall Maine to the role of Chief Financial Officer (CFO) in late September. Prior to his appointment Marshall was CFO for retirement village operator, Summerset Management Group. He also spent more than four years as CFO for Icebreaker New Zealand and he was financial controller at Urbus Management for over two years.

Marshall emigrated to New Zealand in 2002 from the UK where he had held senior positions at KPMG in London and Manchester.

Marshall is based at NPT's Wellington office.



CEO's Report

The effects of the Canterbury earthquakes have continued to be a major focus for our team. We have spent considerable time in Christchurch meeting with local staff and independent consultants and we feel confident that we are working through the best possible solutions for the two properties affected – Eastgate Shopping Centre and Natcoll House.

The property portfolio following the sale of our office building in Henderson includes seven freehold properties and two head lease properties.

The Property Portfolio

AA CENTRE

The AA Centre is an 18 level high rise office tower located in Auckland's CBD.

The 30 September 2011 valuation is \$28.7 million. This reflects a reduction in value of \$0.48 million from the March appraisal. This small reduction in value reflects a mild softening in yield rates, which is reflective of the general commercial property market. Since our March report AA Insurance have completed an expansion with a lease of six years on floor 15.

The building is now fully leased, which places it well above the average of 88.1% for comparable Auckland CBD office space (data as at June 2011 – information sourced from Colliers International Research Report dated November 2011).

The NZ Automobile Association has recently renewed their lease over level 12 for a further six years and the upgrade of the five lifts has been completed as scheduled. Neighbouring SkyCity has transformed a large section of Federal Street and three new restaurants are now operating from the redeveloped area adjacent to the Centre.

BALDWINS / AMI PLAZA

NPT relocated its head office to the Baldwins Centre in late June this year. Upgrade work on the building's common areas has been completed and we are now working on scoping out a reconfiguration of the retail space on the first floor. This will be designed to maximise the property's retail potential, given its location on Lambton Quay (Wellington's Golden Mile).

It has become evident that there will be an oversupply in the Wellington office market as a result of recent new developments in the city and falling demand for office space from government sector tenants. Consequently we are very pleased to have maintained a 99% occupancy rate in the building with the only vacancy being a small retail space on the first floor of the AMI Plaza.

The property was valued at \$26.9 million on 30 September 2011.

EASTGATE SHOPPING CENTRE

The Centre suffered extensive damage in the February earthquake. The multi-level carpark and 26 specialty shops were subsequently demolished and extensive remedial work undertaken in the mall and adjoining Countdown and The Warehouse stores. The Centre reopened in stages and was fully open on July 27, after the 13 June earthquakes caused further disruptions.

NPT has replacement insurance cover in place, as mentioned in the Chairman's Report, and is bearing only 2.5% of remedial and reconstruction costs. The business interruption policy covers the loss of rental income through to February 2013.

As announced in November the Company reached full and final settlement with The Farmers Trading Company (Farmers) in its tenancy dispute at the Centre. Farmers sought to terminate their lease early. The terms of the settlement are confidential.

Following extensive work with independent advisers, plans are well-advanced on reconfiguring and reinvigorating Eastgate. The Centre is an important hub for the local community and we are looking forward to bringing a new mix of tenants to the Centre.

The Centre's valuation as at 30 September 2011 was \$47.85 million.

HEINZ WATTIE'S WAREHOUSE

NPT's investment in its Hastings property, the Heinz Wattie's warehouse, is providing an excellent return with an increase of \$0.93 million on its 31 March 2011 valuation, to \$23.75 million. This reflects the recent capital expenditure on the property and an increase in rents and follows the signing of a new nine year lease earlier in the year.

A further extension is currently underway at a cost of approximately \$1 million, which we calculate will provide a rental return of 13.5%. Those extensions will be completed and occupied by March 2012.

NATCOLL HOUSE

After seeking independent professional advice on the property, NPT's directors are of the opinion that the building is not repairable following the damage from this year's Christchurch earthquakes. As announced to the market in November, the matter is now with NPT's insurers for their consideration. The directors retain the view that this will result in a contingent asset as at 30 September 2011.

The property, valued at \$11.9 million as at September 2011, is unoccupied and business interruption insurance is in place until February 2013.

OCEAN BOULEVARD

This small regional shopping centre is located in downtown Napier. The property has a significant area of vacancy and a reconfiguration of the space is planned during early 2012.

A new Farmers store is being constructed in the immediate vicinity of Oceans and this, along with the Company's marketing and management approach, will provide increased returns from the property.

As announced mid-year, Living & Giving surrendered their space and womenswear retailer, Shanton took over the space on a new six year lease at the same rental as we were receiving from Living & Giving.

The property's value was assessed as being \$5.1 million as at 30 September 2011.

PRINT PLACE

Print Place, located in the Middleton industrial area of Christchurch, required only minimal repairs after the earthquakes. Consequently there has been little disruption to our tenants.

Following our reporting period, in November we signed a new 10-year lease with Medlab South commencing 1 December 2011. This required the early surrender of Online Security's lease. As previously reported, Online Security, which occupied 22% of the property, had already committed to moving to another property when their lease expired in March next year. Medlab South is relocating to Print Place as their previous premises were located in Christchurch's CBD.

Print Place has been valued at \$11.0 million as at 30 September 2011.

Head Lease Properties

The Company holds the head lease obligations on two properties. The Company has reviewed its investment approach regarding head leases and will not renew these head leases on expiry.

AVONHEAD SHOPPING CENTRE

This modern community shopping centre, located in the affluent Christchurch suburb of Avonhead, has been little affected by this year's earthquakes and has seen a significant increase in trading activity. As previously advised the head lease expires in November 2013 and will not be renewed at that time.

HVMC WAREHOUSE

This Christchurch property suffered little business disruption as a result of the earthquakes and The Warehouse and Briscoes continue to trade well from the site. The head lease will not be renewed when it expires in March 2012.

Summary

The Company's key strategic objectives during the next 12 months are:

- to conclude and receive payment for insurance material damage claims for Eastgate and Natcoll House. Directors are of the view that contingent assets exist for both of these properties;
- confirm investment strategies for the insurance proceeds including the investment strategy for Eastgate;
- continue to focus on property management efficiencies and continued enhancement of property revenues and reduction of property and management costs; and
- develop an investment strategy for the wider portfolio and continue with work in investing in growth markets.

The strategy to diversify the portfolio is also well underway and the Company is now in a position to actively seek out opportunities to acquire larger commercial properties where the flat economy means there is less competition driving up price. Our recent experience at the Heinz Watties property shows there are good returns to be made with investment in the right property.



Kerry Hitchcock
CHIEF EXECUTIVE OFFICER (Acting)

The Properties



AA Centre

99 Albert Street, Auckland



Baldwins Centre / AMI Plaza

342 Lambton Quay, Wellington



Natcoll House

195 Hereford Street, Christchurch



Eastgate Shopping Centre

Cnr Buckleys Road and Linwood Avenue, Christchurch



Ocean Boulevard

Dickens & Emersons Streets, Napier



Heinz Wattie's Warehouse

113 Elwood Road, Tomoana, Hastings



Print Place

17 Print Place, Middleton, Christchurch

HEADLEASE PROPERTIES



HWMC Warehouse

17 Chalmers Street, Hornby, Christchurch



Avonhead Shopping Centre

Cnr Withells Road & Merrin Street, Christchurch

The Board



Sir John Anderson - Chairman

Non-Executive Independent Director

Sir John was appointed to the Board as Chairman of NPT Limited on 1 April 2011. He was formerly Chief Executive Officer of the ANZ National Bank. He is currently Chairman of Television New Zealand, PGG Wrightson, the New Zealand Venture Investment Fund and Wellington Regional Strategy Committee.

Sir John is also a Director of Commonwealth Bank of Australia and the Wellington Regional Stadium Trust. Over his extensive career he has received numerous awards including NBR's "New Zealander of the Year" in 1995 and Deloitte's Top 200 Company Award as "New Zealand's Most Visionary Leader" in 2003.



Kerry Hitchcock, BCom, LLB

Executive Director and Acting Chief Executive Officer

Kerry Hitchcock joined the Trust Board in August 2009. He is an experienced property development and investment specialist having been involved in various aspects of the property sector since 1983.

Kerry is currently a shareholder and director of Charta Limited, a company specialising in design/build projects, and holds directorships in Port Marlborough New Zealand Limited and its subsidiaries. He is a member of the Institute of Directors.



Jim Sherwin, CA

Non-Executive Independent Director

Jim Sherwin joined The National Property Trust Board in March 2007 and was Chairman from April 2010 until the Trust was corporatised on 1 April 2011. He is a chartered accountant and the former managing partner of WHK (formerly Sherwin Chan & Walshe), a Wellington-based accounting firm he established in 1984.

Jim is a Trustee of Expressions Art and Entertainment Trust, Chairman of Nees Hardware (Mitre 10 Mega) and Building Supplies Limited and Preston Corp Limited, a director of Cuthbert Stewart Limited and past Chairman of Te Omanga Hospice. He is a member of the Institute of Directors and acts as a strategic adviser to the motor industry and retailing sector. Previously Jim was an adviser to a major property syndicator.



Tony McNeil

Non-Executive Independent Director

Tony McNeil joined the Board of NPT Limited on 1 April 2011. He is a 35-year veteran of the Australasian supermarket sector and recently retired as Managing Director of Foodstuffs (Wellington) Co-operative Society Limited after 12 years with the company. Foodstuffs' successful brands include New World, Pak'nSave, Liquorland and icon brand, Four Square.

Tony is Chairman of Payments (NZ) Limited and is a director of co-operative, Ballance Agri Nutrients. He is a past director of Bell Tea and Coffee Company, Kapiti Fine Foods and AF Logistics and a member of the New Zealand Trade & Enterprise Beachheads advisory board and the Institute of Directors.



David Cushing

Non-Executive Independent Director

David Cushing joined the Board of NPT Limited on 1 April 2011. He is a former investment banker with BNZ and is a Christchurch based investor and director. His current directorships include Rural Equities Limited, New Zealand Rural Property Trust Management Limited, Red Steel Limited and H&G Limited. David also represents the Chinese company Agria, as an alternate director of PGG Wrightson Limited.

David was previously a director of Tourism Holdings Limited, Wakefield Health Limited, Williams & Kettle Limited, Fruitfed Supplies Limited and NA Farming Systems Uruguay Limited.

Financial Summary

NPT LIMITED FINANCIAL SUMMARY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	NPT LIMITED UNAUDITED 6 MONTHS 30 SEP 2011 \$M	THE NATIONAL UNAUDITED 6 MONTHS 30 SEP 2010 \$M	PROPERTY TRUST UNAUDITED 12 MONTHS 31 MAR 2011 \$M
Net Operating Income	9.55	7.63	15.44
Operating Expenses	4.18	3.25	6.64
Operating Surplus	5.37	4.38	8.80
Add Non Cash IFRS Adjustments	0.08	0.07	0.14
Distributable Surplus	5.46	4.45	8.94
Earnings available for Distribution	3.37	2.29	5.10
Total Assets	166.43	191.09	175.45
Total Share Holders' Funds	82.05	112.95	94.97
Units on Issue	161.92	194.42	161.92
Net Tangible Assets per Share (Cents)	50.67	58.10	58.65
Secured Bank Debt	70.60	41.50	64.50
Total Debt to Gross Value of Company	42.4%	21.7%	36.8%

NPT LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	NOTE	NPT LIMITED UNAUDITED 6 MONTHS 30 SEP 2011 \$000	THE NATIONAL UNAUDITED 6 MONTHS 30 SEP 2010 \$000	PROPERTY TRUST AUDITED 12 MONTHS 31 MAR 2011 \$000
Gross Rental Income		8,671	12,441	23,549
Insurance Rental Recoveries	21	4,476	-	905
Direct Property Operating Expenses	4	(3,605)	(4,821)	(9,040)
Net Rental Income		9,542	7,620	15,414
Interest Income		9	9	17
Other Income		2	2	5
Total Income		9,553	7,631	15,436
Interest Expense		2,616	1,940	4,078
Administration Expenses	5	1,565	1,307	2,563
Indirect Operating Expenses		4,181	3,247	6,641
Gross Operating Profit before Abnormal Expenses and Other Gains & Losses		5,372	4,384	8,795
Deal Structuring Expense		-	254	-
Newco Establishment Expense		-	12	-
Corporatisation Expense		(14)	477	1,154
Insurance Excess		342	-	-
Relinquishment of Management Rights		-	-	2,499
Total Abnormal Expenses		328	743	3,653
Gross Operating Profit Before Other Gains and Losses		5,044	3,641	5,142
Insurance Proceeds From Canterbury Earthquake	21	5,114	-	3,673
Net Gain/(Loss) on Sale of Investment Property		(70)	55	56
Unrealised Change in Fair Value of Investment Properties - Non Affected by Earthquake	7	(2,276)	(981)	(2,306)
Unrealised Change in Fair Value of Investment Properties - Affected by Earthquake	7	(19,785)	-	(20,062)
Unrealised Change in Fair Value of Interest Rate Swaps		(1,003)	(1,773)	(1,469)
Other Losses		(18,019)	(2,699)	(20,108)
Net Loss Before Taxation		(12,975)	942	(14,966)
Taxation Expense/(Benefit)		(3,148)	(650)	(299)
Taxation Expense [Impact of 2010 Budget]	11	-	14,627	-
Net Loss After Taxation		(9,827)	(13,035)	(14,667)
Total Comprehensive Income		(9,827)	(13,035)	(14,667)
EARNINGS PER SHARE		CENTS PER SHARE		
Earnings per Share (cents)	15	(6.07)	(6.72)	(8.73)
Distributable Profit per Share	16	3.37	2.29	5.10

The accompanying notes form part of and are to be read in conjunction with these financial statements.

NPT LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHARE HOLDERS' FUNDS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	NPT LIMITED UNAUDITED 6 MONTHS 30 SEP 2011 \$000	THE NATIONAL PROPERTY TRUST UNAUDITED 6 MONTHS 30 SEP 2010 \$000	AUDITED 12 MONTHS 31 MAR 2011 \$000
Share Holders' Funds at the beginning of the Period	94,966	130,247	134,698
Earnings			
Net (loss) after Taxation	(9,828)	(13,035)	(14,667)
Total Comprehensive Loss for the Period	(9,828)	(13,035)	(14,667)
Transactions with Share Holders			
Movement in Equity Settled Reserve	-	(348)	(348)
Issue of Units for Manager's Performance Fee (The National Property Trust)	-	348	348
Unit Redemption	-	-	(16,597)
Unit Issue Costs	-	-	(123)
Distributions Paid or Payable to Share Holders	(3,089)	(4,261)	(8,345)
Balance as at 30 September 2011	82,049	112,951	94,966

The accompanying notes form part of and are to be read in conjunction with these financial statements.

NPT LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2011

NOTE	NPT LIMITED UNAUDITED 6 MONTHS 30 SEP 2011 \$000	THE NATIONAL PROPERTY TRUST UNAUDITED 6 MONTHS 30 SEP 2010 \$000	AUDITED 12 MONTHS 31 MAR 2011 \$000
Current Assets			
	1,236	572	233
Cash and Cash Equivalents			
Accounts Receivable	6	8,520	97
Prepayments		812	109
Sundry Debtors		34	454
Current Tax Receivable		585	597
Other Investments	8	13	14
Total Current Assets	11,200	1,843	6,770
Non Current Assets			
Investment Properties	7	155,200	189,209
Other Investments	8	32	43
Total Non Current Assets	155,232	189,252	168,675
Total Assets	166,432	191,095	175,445
Current Liabilities			
Bank Loans (Secured)	13	-	-
Trade and Other Payables	10	2,697	3,534
Distribution Payable to Share Holders		1,214	2,060
Total Current Liabilities	3,911	5,594	68,461
Non Current Liabilities			
Bank Loans (Secured)	13	70,600	41,500
Deferred Taxation	11	5,187	27,063
Interest Rate Swaps		4,686	3,987
Total Non Current Liabilities	80,473	72,550	12,018
Share Holders' Funds			
Shares Subscribed	12	134,089	150,782
Reserves		(52,040)	(37,831)
Total Share Holders' Funds	82,048	112,951	94,966
Total Share Holders' Funds and Liabilities	166,432	191,095	175,445

The Board of NPT Limited, approved the financial statements
on 7 November 2011



Sir John Anderson, Director



Jim Sherwin, Director

The accompanying notes form part of and are to be read in conjunction with these financial statements.

NPT LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

NOTE	NPT LIMITED UNAUDITED 6 MONTHS 30 SEP 2011 \$000	THE NATIONAL PROPERTY TRUST UNAUDITED 6 MONTHS 30 SEP 2010 \$000	AUDITED 12 MONTHS 31 MAR 2011 \$000
Cash Flows from Operating Activities			
Cash was provided from (applied to):			
	7,673	12,298	23,662
Gross Rental Received			
Insurance Rental Recoveries	4,476	-	435
Interest Received	9	9	18
Income Tax Refund	4	-	-
Other Income	-	2	5
Operating Expenses	(6,834)	(6,068)	(11,917)
Manager's Performance Fee	-	(348)	(348)
Interest Paid	(2,616)	(1,940)	(4,078)
Net Cash Inflow from Operating Activities	14	2,712	3,953
Cash Flows from Investing Activities			
Cash was provided from (applied to):			
	3	10	18
Repayment of Advances to Tenants			
Expenditure on Relinquishment of Management Rights and Corporatisation	-	-	(3,653)
Proceeds from Sale of Properties	-	1,301	1,301
Insurance Recoveries	9,619		
Expenditure on Investment Properties under Development	(15,557)	(311)	(967)
Net Cash Inflow/(Outflow) from Investing Activities	(5,935)	1,000	(3,301)
Cash Flows from Financing Activities			
Cash was provided from (applied to):			
	-	348	348
Proceeds from Sale of Units			
(Repayments of) / Proceeds of Bank Loans	6,100	(1,000)	22,000
Unit Redemption	-	-	(16,597)
Issue Costs	-	(27)	(122)
Distributions made to Share Holders	(1,874)	(4,350)	(10,520)
Net Cash Outflow from Financing Activities	4,226	(5,029)	(4,891)
Net Increase in Cash and Cash Equivalents	1,003	(75)	(415)
Cash and Cash Equivalents at the beginning of Period	233	648	648
Cash and Cash Equivalents at the end of the Period	1,236	572	233

NPT LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

1. REPORTING ENTITY

NPT Limited ('the Company') is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. NPT Limited is listed on the New Zealand Stock Exchange ('NZX').

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

The condensed consolidated financial statements presented are those of the Company and its subsidiaries ('the Group').

The comparative numbers are that of The National Property Trust. The National Property Trust was corporatised on 1st April 2011 as NPT Limited.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). The condensed consolidated interim financial statements comply with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting Standards.

The 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.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the The National Property Trust's audited financial statements for the year ended 31 March 2011.

The financial statements are presented in New Zealand dollars ('NZD'), which is the Company's functional currency, rounded to the nearest \$'000.

These unaudited interim financial statements should be read in conjunction with The National Property Trust's audited Annual Report for the year ended 31 March 2011 as this has now been corporatised as NPT Limited. The accounting policies have been applied consistently to all periods presented in these financial statements, except as disclosed below.

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

In the application of New Zealand International Financial Reporting Standard ('NZ IFRS') management is 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.

The Company's critical accounting policies and estimates in these unaudited condensed interim financial statements are as follows:

- (i) Investment Properties
- (ii) Deferred Tax

3. SIGNIFICANT ACCOUNTING POLICIES

Please refer to The National Property Trust's 31 March 2011 Annual Report for a full list of significant accounting policies.

Subsidiaries

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company and its subsidiaries as defined in NZIAS 27 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Accounting policies of subsidiaries are consistent with the policies of the Group.

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

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 a panel of independent registered valuers. Investment properties are valued six monthly and may not be valued by the same valuer for more than three consecutive years. 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 balance date.

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

Subsequent expenditure is charged to the assets' 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 Statement of Comprehensive Income in the period in which the disposal occurred.

The property located at Sel Peacock Drive, Auckland was sold on an unconditional basis as at 30th September 2011. The net sale price was \$6.950m (being \$7.301m less rental incentives given and associated selling costs). Settlement for this transaction is scheduled for 7th November 2011.

4. DIRECT PROPERTY OPERATING EXPENSES

	NPT LIMITED UNAUDITED 30 SEP 2011 \$000	THE NATIONAL PROPERTY TRUST UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Tenant Operating Expenses	(2,398)	(3,458)	(6,791)
Owner Operating Expenses	(1,180)	(1,364)	(2,100)
Bad Debts	1	1	1
Canterbury Earthquake Remedial Costs	-	-	(150)
Movement in Provision for Doubtful Debts	(28)	-	-
Total Direct Property Operating Expenses	(3,605)	(4,821)	(9,040)

The comparatives for Tenant and Owner Operating Expenses includes Property Management fees and related expenses, paid to National Property Management Limited. NPT Limited is now managed by itself and did not incur any property management expenses for this reporting period.

5. ADMINISTRATION EXPENSES

	UNAUDITED 30 SEP 2011 \$000	UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Audit Fees	26	48	76
Managers' Administration Fees	-	718	1,432
Corporate Overhead	1,108	-	-
Registry and Stock Exchange Fees	19	23	67
Trustee Fees	-	60	121
Share Holder Communications	69	91	135
Other Operating Expenses	343	367	732
Total Administration Expenses	1,565	1,307	2,563

The Corporate Overhead includes property related expenses, which were previously included in Direct Property Operating Expenses.

6. ACCOUNTS RECEIVABLE

	UNAUDITED 30 SEP 2011 \$000	UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Accounts Receivable	8,640	189	894
Allowance for Doubtful Debts	(120)	(92)	(92)
Total Accounts Receivable	8,520	97	802

Accounts Receivable includes the sale value for Sel Peacock Drive of \$7.301m.

7. INVESTMENT PROPERTIES

	UNAUDITED 30 SEP 2011 \$000	UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Opening Balance	168,640	191,190	191,190
Disposal of Investment Properties	(7,020)	(1,250)	(1,250)
Work in Progress	-	139	-
Capitalised Costs	15,641	111	1,210
Revaluation of Investment Properties	(22,061)	(981)	(22,510)
Closing Balance	155,200	189,209	168,640

All Investment Properties were valued at the reporting date by independent registered external valuers who are members of the Institute of Valuers of NZ.

8. OTHER INVESTMENTS

	UNAUDITED 30 SEP 2011 \$000	UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Advances to Tenants	13	14	13
Total Other Investments - Current	13	14	13
Advances to Tenants	32	43	35
Total Other Investments - Non Current	32	43	35

The Company has security on loans to tenants for all significant advances. Interest rates range from 0% to 8.5% per annum. Advances are repayable over a period of 7 months to 7 years 3 months.

9. SEGMENT INFORMATION

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

The segment results for the six months ended 30 September 2011 were as follows:

	INDUSTRIAL \$000	COMMERCIAL \$000	RETAIL \$000	UNALLOCATED \$000	TOTAL \$000
Segment Revenue	1,633	4,495	7,019	-	13,147
Net Segment Revenue	1,404	3,309	4,416	423	9,553
Net Profit/(Loss) before Taxation	1,845	2,196	(12,449)	(4,568)	(12,976)
Change in Fair Value of Investment Properties	468	(974)	(21,555)	-	(22,061)
Total Liabilities	20,348	61,624	33,812	(31,401)	84,383
Total Assets	34,835	75,548	53,811	2,238	166,432

The segment results for the six months ended 30 September 2010 were as follows:

	INDUSTRIAL \$000	COMMERCIAL \$000	RETAIL \$000	UNALLOCATED \$000	TOTAL \$000
Segment Revenue	1,615	4,709	6,117	-	12,441
Net Segment Revenue	1,422	3,245	2,953	-	7,620
Net Profit/(Loss) before Taxation	1,498	1,913	3,284	(5,753)	942
Change in Fair Value of Investment Properties	20	(1,330)	328	-	(981)
Total Liabilities	26,202	60,913	70,039	(79,011)	78,144
Total Assets	34,660	66,616	114,239	(24,421)	191,095

The segment results for the year ended 31 March 2011 were as follows:

	INDUSTRIAL \$000	COMMERCIAL \$000	RETAIL \$000	UNALLOCATED \$000	TOTAL \$000
Segment Revenue	3,283	9,129	12,042	-	24,454
Net Segment Revenue	2,909	6,382	6,123	-	15,414
Net Profit/(Loss) before Taxation	1,255	1,828	(13,590)	(4,459)	(14,966)
Change in Fair Value of Investment Properties	(1,129)	(3,094)	(18,145)	-	(22,368)
Total Liabilities	18,901	63,839	34,969	(37,230)	80,479
Total Assets	31,544	75,567	67,418	916	175,445

10. TRADE AND OTHER PAYABLES

	NPT LIMITED UNAUDITED 30 SEP 2011 \$000	THE NATIONAL PROPERTY TRUST UNAUDITED 30 SEP 2010 \$000	THE NATIONAL PROPERTY TRUST AUDITED 31 MAR 2011 \$000
Interest Accrued	-	566	586
Manager's Fees Accrued	-	-	119
GST Payable	84	254	-
Rent in Advance	58	207	291
Other Creditors and Accruals	2,555	2,507	2,965
Balance at the end of the Period	2,697	3,534	3,961

11. DEFERRED TAX LIABILITY

	NPT LIMITED UNAUDITED 30 SEP 2011 \$000	THE NATIONAL UNAUDITED 30 SEP 2010 \$000	PROPERTY TRUST AUDITED 31 MAR 2011 \$000
Investment Properties Revaluation	6,393	16,613	8,836
Insurance Reimbursement, Allowance for Doubtful Debt and Insurance Excess	54	-	1,294
Depreciation & Others	(254)	10,450	(595)
Interest Rate Swaps	(74)	-	(1,105)
Losses Available for Offset Against Future Taxable Income	(932)	-	(95)
Total Deferred Tax Liability	5,187	27,063	8,335

On 20 May 2010 the Minister of Finance tabled the 2010 budget that introduced a number of taxation changes including limiting the claim of future depreciation on property. Under the New Zealand equivalent to International Accounting Standard (IAS)12, the Group's 30 September 2010 interim financial statements provided \$14.63m additional deferred tax expense being the taxable temporary difference.

An amendment to IAS 12 was announced by The International Accounting Standard Board (IASB) on 20 December 2010, and subsequently gazetted in New Zealand in January 2011. This amendment allowed the Trust to reverse the \$14.63m deferred tax expense recognised in the 30 September 2010 Interim Financial Statements. It also enabled the Group to reverse the \$2.6m deferred tax liability in respect of revaluation gains recognised as at 31 March 2010 and reverse \$1.8m of the deferred tax liability in respect of depreciation recovery recognised as at 31 March 2010.

12. SHARES SUBSCRIBED

	UNAUDITED 30 SEP 2011	UNAUDITED 30 SEP 2010	AUDITED 31 MAR 2011
Number of Shares on Issue ('000)	161,920	194,416	161,920
Shares Subscribed (\$000)	134,089	150,782	134,089

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

13. BANK LOANS (SECURED) AND CASH FLOW INTEREST RATE RISK

	UNAUDITED 30 SEP 2011 \$000	UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Bank of New Zealand	70,600	41,500	64,500
Closing Balance	70,600	41,500	64,500

The Bank of New Zealand has provided the Group with a committed cash advance facility of \$80 million under an agreement dated 4 August 2011. The Group facility is made up of a thirty six month renewable term and is due to expire on 3 August 2014. The facility is secured by way of General Security Agreements granted by NPT Limited and by each subsidiary of that 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 Company's subsidiary companies.

The weighted average cost of funds for bank debt under the facility as at reporting date was 7.40% (30 September 2010: 9.00%) including margin and line fees.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt by using interest rate swaps. As at reporting date swaps with a notional value of \$50m (30 September 2010: \$40m) were in place at a weighted average interest rate of 8.04% (30 September 2010: 9.10%) including margin and line fee, with a weighted average term of 3.82 years (30 September 2010: 4.81 years).

13. BANK LOANS (SECURED) AND CASH FLOW INTEREST RATE RISK (CONTINUED)

NPT Limited (the company) manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the company raises borrowings at floating rates and swaps them into fixed rates that are lower than those available if the company borrowed at fixed rates directly. Under the interest rate swaps, the company agrees with other parties to exchange, at specified intervals (mainly quarterly), 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 swaps are recognised in the Statement of Comprehensive Income. NPT Limited recognises the risk of the fluctuating economic value of the financial instrument because of changes in interest rates in its attempt to manage its cash flow interest rate risk.

14. RECONCILIATION OF NET PROFIT (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	NPT LIMITED UNAUDITED 30 SEP 2011 \$000	THE NATIONAL PROPERTY TRUST UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Net Loss after Taxation	(9,828)	(13,035)	(14,667)
Items Classified as Investing or Financing Activities:			
Unrealised Change in Fair Value of Investment Properties	22,061	981	22,368
Net (Profit) Loss on Sale of Investment Properties	70	(56)	(56)
Unrealised Change in Fair Value of Interest Rate Swap	1,003	1,773	1,469
Manager's Performance Fee Paid	-	(348)	(348)
Movement in Deferred Taxation - Current	(3,148)	13,977	(467)
Amortisation of Lease Incentives	(84)	66	(97)
Costs Associated with Corporatisation	-	-	3,653
Movements in Working Capital Items:			
Accounts Receivable/Prepayments	(5,751)	(193)	(5,056)
Trade and Other Payables	(1,611)	788	803
Taxation Receivable	-	-	7
Net Cash Inflow from Operating Activities	2,712	3,953	7,609

15. EARNINGS PER SHARE

Earnings per Share is calculated by dividing the loss attributable to Share Holders (excluding distributions) of the Company by the weighted average number of ordinary units on issue during the period.

	UNAUDITED 30 SEP 2011	UNAUDITED 30 SEP 2010	AUDITED 31 MAR 2011
Loss attributable to Share Holders of the Company (\$000)	(9,828)	(13,035)	(14,667)
Weighted average number of Shares on Issue ('000)	161,920	193,904	168,087
Earnings per Share (cents)	(6.07)	(6.72)	(8.73)
Weighted average number of Ordinary Shares			
Issued Shares at the beginning of the Period ('000)	161,920	193,326	193,326
Issued Shares at the end of the Period ('000)	161,920	194,416	161,920
Weighted average number of Ordinary Shares for Basic Earnings per Share	161,920	193,904	168,087

16. STATEMENT OF DISTRIBUTION

	UNAUDITED 30 SEP 2011 \$000	UNAUDITED 30 SEP 2010 \$000	AUDITED 31 MAR 2011 \$000
Net (Loss)/Gain Before Taxation	(12,975)	942	(14,966)
Add:			
Unrealised Change in Fair Value of Investment Properties	22,061	981	22,368
Unrealised Change in Fair Value of Interest Rate Swaps	1,003	1,773	1,469
Net Loss/(Profit) on Sale of Investment Properties	70	(55)	(56)
Corporatisation and Relinquishment of Management Rights	(14)	743	3,653
Net (Gain)/Loss from Canterbury Earthquake	(5,114)	-	(3,673)
Non Cash adjustment for Leasing Incentive	84	66	143
Abnormal Expenses	342	-	-
Net Profit available for Distribution	5,456	4,450	8,938
Distribution Paid to Share Holders	-	-	(6,170)
Earnings Available for Distribution to Share Holders	5,456	4,450	2,768
Distribution per Share paid to Share Holders	-	-	3.39
Distribution Payable to Share Holders	1.50	2.29	1.16
Earnings Retained per Share	1.87	-	0.55
Distributable Profit per Share	3.37	2.29	5.10

17. RELATED PARTY TRANSACTIONS

Basis of transactions

Since 1 April 2011 no transactions with related parties have been entered into. Previously any transactions entered into were in the ordinary course of business of the National Property Trust and undertaken on normal commercial terms.

The following disclosures are provided in respect of related parties external to the Group.

- On 1 April 2011 the Trust became a company, NPT Limited. The National Property Trust Limited relinquished its rights as manager on 31 March 2011.
- Properties owned by the Group are managed by NPT Limited itself (previously managed by National Property Management Limited) and did not incur any related party property management expenses.

18. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 September 2011 (31 March 2011: Nil).

19. SUBSEQUENT EVENTS

There were no subsequent events after the balance date of 30 September 2011.

20. PAYMENT OF INTERIM DISTRIBUTION

On 3 November 2011, the Board of NPT Limited declared a payment from the Company of a second quarter distribution of 0.75 cents per unit to be paid on 21st December 2011.

21. CANTERBURY EARTHQUAKE

Insurance reimbursements are recognised in accordance with the accounting policy described in Significant Accounting Policies.

	UNAUDITED 30 SEP 2011 \$000
Insurance reimbursement received in the reporting period	17,241
Less: Insurance Reimbursement Recognised as at 31 March 2011	(5,894)
Less: Reclassified as Insurance Rental Recoveries	(4,476)
Earthquake Related Expenses	(1,757)
Net Earthquake Related Recoveries	5,114

22. CONTINGENT ASSETS

Following the February earthquake, the damage caused to Eastgate resulted in the demolition of 26 speciality shops and the raised car park at the shopping centre. However, insurance is in place to cover the remedial and reconstruction work less an excess of 2.5%. The balance of the cost of reinstatement/replacement is considered a contingent asset.

Natcoll House, located in Christchurch CBD (Red Zone) which was initially believed to have sustained minor damage in the February 2011 earthquake - has now, as a result of access being granted to inspect the premises, been determined to have sustained significant damage, which in the opinion of professional independent advisors is not economic to repair. The matter is now with NPT Limited's insurers for their consideration. The Directors have the view that this will result in a contingent asset as at 30 September 2011.



Audit
Grant Thornton New Zealand Audit
Partnership
L13, AXA Centre
80 The Terrace
PO Box 10712
Wellington 6143

T +64 (0)4 474 8500
F +64 (0)4 474 8509
www.grantthornton.co.nz

To the Share Holders of NPT Limited

We have reviewed the condensed consolidated interim financial statements of NPT Limited (“the Company”) on pages 11 to 20 which comprise a condensed consolidated statement of financial position as at 30 September 2011, and a condensed consolidated statement of comprehensive income and a condensed consolidated statement of changes in equity and a condensed consolidated statement of cash flows for the six months ended 30 September 2011, and a summary of significant accounting policies and other explanatory information. The condensed consolidated interim financial statements provide information about the results of the Company’s operations and its financial position as at 30 September 2011.

Reviewer’s Responsibilities

We are responsible for reviewing the condensed consolidated interim financial statements presented by the Company in accordance with Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the condensed consolidated interim financial statements do not give a true and fair view of the matters to which they relate.

Basis of Statement

A review is limited primarily to enquiries of personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

We have reviewed the condensed consolidated interim financial statements of the Company for the six month period ended 30 September 2011 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants. These standards require that we plan and perform the review to obtain limited assurance as to whether the statements are free of material misstatement whether caused by fraud or error. We also evaluated the overall adequacy of the presentation of information in the financial statements consistent with NZ IAS 34 Interim Financial reporting.

Our firm carries out other assignments for the Company in the area of taxation advice and special consultancy projects. The firm has no other interest in the Company.

Statement of Review Findings

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Company on pages 11 to 20 do not give a true and fair view of the condensed consolidated interim financial position as at 30 September 2011 and the results of operations and cash flows for the six month period ended on that date in accordance with NZ IAS 34 Interim Financial Reporting.

A handwritten signature in black ink that reads "Grant Thornton".

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
7 November 2011

Notes

DIRECTORY

THE COMPANY

NPT Limited
PO Box 10406
The Terrace
Wellington 6143

Phone: 0800 867 858
Email: npt@npt.co.nz
Website: www.npt.co.nz

LEGAL ADVISER

David Stock
Barrister & Solicitor
Level 3
22 Moorhouse Avenue
Christchurch

Phone: 03 353 1036

REGISTRAR

Link Market Services Limited
138 Tancred Street
PO Box 384
Ashburton

Phone: 03 308 8887
Fax: 03 308 1311

AUDITORS

Grant Thornton New Zealand Audit Partnership
Level 13
AXA Centre
80 The Terrace
P O Box 10 712
Wellington

BANKERS

Bank of New Zealand
Level 6
Deloitte Centre
80 Queen Street
Auckland

NPT LIMITED

PO Box 10406
The Terrace
Wellington 6143

Phone: 0800 867 858
Email: npt@npt.co.nz
Website: www.npt.co.nz