

# NPT LIMITED

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

# Featured Property



## EASTGATE SHOPPING CENTRE

The Eastgate Shopping Centre suffered significant damage in the February 2011 earthquake which resulted in a large section, including the raised car park and 26 specialty shops, being demolished. Subsequent disruptions caused by the repair work, completed last year, and ongoing seismic activity provided some major challenges for NPT's management team. Consequently we are very pleased to report on the significant increase in leasing enquiries and rental activity at the Centre, particularly since receiving a positive CERA certification in April. New leases in place include:

- Record store, Penny Lane opened in May.
- Lincraft, the Australian fabric, craft and home furnishing store signed an eight year lease for 1500m<sup>2</sup> of space and opened in November.
- Number One Shoes has a new lease for some of the Centre's reconfigured ground floor space.
- National bookstore and stationery retailer PaperPlus also opened a new store in November.

As well Eastgate is now a stop on the city's Orbiter bus route which is a likely contributor to the increase in foot traffic at the Centre.

Our strategy for Eastgate is to make it an important community hub and we are looking forward to reporting to our Shareholders on progress with some exciting new developments over the coming year.



*Eastgate's new stores: Australian fabric, craft and homeware retailer, Lincraft, relocated Number One Shoes and bookstore and stationery retailer PaperPlus.*



In September Joanna Hollander was appointed Eastgate's centre manager. Prior to her appointment, Joanna was centre manager at Remarkables Park Town Centre for more than two years where she was responsible for 50 tenants and 24,000m<sup>2</sup> of retail, office and service tenancies under management. A graduate of Lincoln University, Joanna has a BCom in valuation and property management.



# Chairman's Report

## Financial Performance

*On behalf of the Board of NPT Limited ('NPT', 'the Company') I am pleased to present the Interim Report for the six months to 30 September 2012.*

During the period under review increases in the value of the property portfolio together with a reduction in funding costs as the result of the Company's buyout of two long-dated interest rate swaps, has contributed significantly to a rise in NPT's pre-tax profit to a very pleasing \$9.1 million.

Over the period NPT's property portfolio increased in value by \$8.15 million to be valued at \$126.30 million as at 30 September 2012\*. During this period \$0.99 million of capital expenditure was incurred.

The major contributor to this valuation increase was our Eastgate Shopping Centre which rose in value from \$35.50 million on 31 March 2012 to \$40.80 million as at 30 September 2012.

Based on these valuations the Net Tangible Asset per share was 56.9 cents as at 30 September.

The same reporting period last year saw a loss of \$12.9 million when the Company experienced considerable unrealised write-downs largely as the result of the ongoing effects on the Company's Christchurch properties of the Canterbury earthquakes.

The Company's trading profit for the half year was \$3.0 million before abnormal expenses and unrealised adjustments, compared with \$5.4 million for the same period in 2011. Despite the drop we are pleased with the result as last year's higher half year profit included extraordinary insurance payouts for earthquake damage to 26 shops at Eastgate. This year's first half year operating profit figure is back in line with current trading conditions. We are seeing a softening in rental income but also a reduction in operating costs and interest payments.

## Dividends

As announced at the Company's AGM in August the forecast annual dividend for the 2012 - 2013 year will be 2.3 cents per share net. For the quarter ended 30 September 2012 Shareholders will receive a dividend of 0.575 cents per share. This dividend is scheduled to be paid on 11 January 2013 to Shareholders on the register on the record date of 28 December 2012. Imputation credits of 0.224 cents per share will be attached.

## Strategic Outlook

NPT has made significant progress to overcome the challenges resulting from the Canterbury earthquakes. As well the Company's new management has reviewed the accounting and administrative systems and processes and these have undergone a major overhaul.

Perhaps most importantly, NPT's property strategy has been refocused and the Company will concentrate on property investments that provide both yield and growth and be of a type and scale that will create management and cost efficiencies.

With this refocus and the consequent divestment of properties that did not meet this criteria, NPT is now well positioned to grow the portfolio with selective acquisitions that will ultimately provide stable returns for our Shareholders

Sir John Anderson  
CHAIRMAN

\* The portfolio valuation excludes NPT's former Wellington property at 342 Lambton Quay, which was sold on 18 September.



# CEO's Report

A significant increase in the value of our property portfolio and strong leasing activity over the six month period has resulted in a very satisfying half year result. NPT's property portfolio rose in value by 6.9% and the weighted average lease term (WALT) lifted from 3.4 years at 31 March 2012 to 6.2 years at 30 September 2012.

The refocus of our property investment strategy also resulted in two recent property sales and relinquishment of the Company's two head leases.



## AA CENTRE

Two leases have recently been signed at our Auckland property located in the CBD at 99 Albert Street. AA Insurance signed a six year lease, with a six year right of renewal, for 5,798m<sup>2</sup> extending over six floors of the 18-level building.

Also the Department of Internal Affairs has renewed its lease for a further three year term for two floors; an area totalling 2,020m<sup>2</sup>.

We will be refurbishing the ground floor and upgrading the washrooms on five floors over the next eight months.

The new leases contributed to the property's value rising by \$0.7 million or 2.5% from \$28.50 million at 31 March to \$29.20 million at 30 September 2012.

## EASTGATE SHOPPING CENTRE

The Centre's reconfigured ground floor now has leases in place with Lincraft, the Australian fabric, craft and furnishing store, PaperPlus and Number One Shoes.



This leasing activity has contributed to the Centre's value rising 14.9% in the six month period from \$35.50 million to \$40.80 million; an increase of \$5.3 million. NPT is working closely with a number of other retailers keen to be located at Eastgate.

## HEINZ WATTIE'S NATIONAL DISTRIBUTION CENTRE



The value of the Centre, located by Hastings' proposed food hub, increased from \$24.75 million in March to \$27.0 million, as at 30 September, a rise of \$2.25 million or 9.1%. This figure reflects the 15 year lease renewal that was signed in May with Heinz Wattie's for 50,000m<sup>2</sup> of space.

NPT's management have worked closely with Heinz Wattie's over the past three years undertaking two major projects in order to rationalise and extend the space to suit their requirements. During the year Heinz Wattie's have moved their Export Operations Distribution Centre into the site creating one centralised base for all their logistics operations. The Centre is now one of the largest stand-alone warehousing facilities in New Zealand.



### PRINT PLACE

Strong demand for well-placed industrial property has driven this Christchurch property's rise in value from \$12.5 million to \$12.7 million over the six month period.

Outside the reporting period, on 15 November, NPT signed an eight year lease at Print Place with the Canterbury District

Health Board for 2,700m<sup>2</sup> of space and 65 car parks.

### NATCOLL HOUSE

Christchurch's Natcoll House continues to be the subject of a material damage insurance claim from the 2011 earthquakes and negotiations continue with the building's insurers. The property is located in the Eastern Frame and as such may be difficult or impossible to reinstate on its current site.

The property's valuation remains at the current book value of \$12 million.

### PROPERTY SALES

In September NPT sold its Wellington property at 342 Lambton Quay for \$24.5 million to Robt. Jones Holdings Limited.

Outside the reporting period, on 7 November we announced the unconditional sale of our Napier retail property, Ocean Boulevard, for \$4.521 million. This sale settled on 21 November 2012. The property is included in the portfolio revaluation at 30 September 2012.

### HEAD LEASES

As previously signalled NPT terminated its head lease obligations, at no cost, on two Christchurch properties – the Avonhead Shopping Centre and Hornby's HWMC Warehouse property. These properties were a distraction to management, and the two lease terminations will enable us to better focus on our own properties.

### Summary

NPT's management will continue to build on the pleasing progress we have made during the past six months. The significant improvements made at Eastgate and our work with Heinz Wattie's are positive indicators that, even in difficult economic times, there are properties where value can be added and rental income improvements made

**Kerry Hitchcock**

**CHIEF EXECUTIVE OFFICER (Acting)**

# The Board & Management



*Back Row: Marshall Maine, Jim Sherwin, David Cushing, Tony McNeil*

*Front Row: Kerry Hitchcock, Sir John Anderson*

## **Sir John Anderson , Chairman - KBE, FACA**

### **Non-Executive Independent Director**

Sir John was appointed to the Board as Chairman of NPT Limited on 1 April 2011. He was formerly CEO and Director of the ANZ National Bank. He is currently Chairman of PGG Wrightson, the New Zealand Venture Investment Fund and Steel & Tube Holdings Limited. Sir John is also a Director of Commonwealth Bank of Australia and Turners & Growers Ltd.

Over his extensive career Sir John has received numerous awards including NBR's "New Zealander of the Year" in 1995 and in 2003, Deloitte's Top 200 Company Award as "New Zealand's Most Visionary Leader". 2005 saw Sir John become the inaugural winner of The Blake Medal and in 2006 he was awarded the Wellington Icon award for a lifetime of services to business and the community. In 2010 he received a Halberg Award for leadership in excellence in sport.



## 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 was 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. Tony was Managing Director of supermarket co-operative Foodstuffs (Wellington) Co-operative Society for 12 years until his retirement in 2010. He is a past director of Ballance Agri Nutrients, The Bell Tea Company, Kapiti Fine Foods and AF Logistics. He is a member of the Institute of Directors, a Trustee and Deputy Chairman for Chilton Saint James School and Chairman of Payments (NZ) Limited.

## David Cushing - BCom, ACA

### Non-Executive Independent Director

David Cushing joined the Board of NPT Limited on 1 April 2011. He is currently Executive Chairman of Rural Equities Limited and is a Christchurch based investor and director. His current directorships include New Zealand Rural Property Trust Management Limited, Red Steel Limited and H&G Limited.

David was formerly an investment banker with BNZ and was previously a director of Tourism Holdings Limited, Wakefield Health Limited, Williams & Kettle Limited, Fruitfed Supplies Limited and NZ Farming Systems Uruguay Limited.

## Marshall Maine - ACMA

### Chief Financial Officer

Prior to joining NPT in September 2011 Marshall held a number of CFO roles at major New Zealand corporates including, most recently, retirement village operator Summerset Management Group. Previous positions include CFO for Icebreaker New Zealand and financial controller at Urbus Management.

Marshall emigrated to New Zealand in 2002 after spending more than eight years in senior positions at KPMG in London and Manchester.

# Financial Statements

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**NPT LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

	NOTE	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Gross Rental Income		10,084	8,671	20,003
Insurance Rental Recoveries	21	29	4,476	6,031
Direct Property Operating Expenses	4	(4,475)	(4,012)	(9,548)
<b>Net Rental Income</b>		<b>5,638</b>	<b>9,135</b>	<b>16,486</b>
Interest Income		9	9	24
Other Income		5	2	107
<b>Total Income</b>		<b>5,652</b>	<b>9,146</b>	<b>16,617</b>
Interest Expense		1,613	2,616	4,841
Administration Expenses	5	1,074	1,158	1,836
<b>Total Indirect Operating Expenses</b>		<b>2,687</b>	<b>3,774</b>	<b>6,677</b>
<b>Gross Operating Profit Before Abnormal Expenses and Other Gains and Losses</b>		<b>2,965</b>	<b>5,372</b>	<b>9,940</b>
Corporatisation Expense		-	(14)	-
<b>Total Abnormal Expenses</b>		<b>-</b>	<b>(14)</b>	<b>-</b>
<b>Gross Operating Profit Before Other Gains and Losses</b>		<b>2,965</b>	<b>5,386</b>	<b>9,940</b>
Net Gain/(Loss) from Canterbury Earthquake	21	(24)	4,772	22,100
Net Gain/(Loss) on Sale of Investment Property		(888)	(70)	(232)
Loss on Cancellation of Interest Rate Swaps		-	-	(688)
Unrealised Change in Fair Value of Investment Properties	8	7,178	(22,061)	(36,683)
Unrealised Change in Fair Value of Interest Rate Swaps		(83)	(1,003)	(168)
<b>Total Other Gains/(Losses)</b>		<b>6,183</b>	<b>(18,361)</b>	<b>(15,671)</b>
<b>Net Profit/(Loss) Before Taxation</b>		<b>9,148</b>	<b>(12,975)</b>	<b>(5,731)</b>
Taxation Expense/(Benefit)		378	(3,148)	(3,443)
<b>Net Profit/(Loss) After Taxation</b>		<b>8,770</b>	<b>(9,827)</b>	<b>(2,288)</b>
<b>Total Comprehensive Income</b>		<b>8,770</b>	<b>(9,827)</b>	<b>(2,288)</b>
<b>EARNINGS PER SHARE</b>		<b>CENTS PER SHARE</b>		
Earnings per Share	15	5.42	(6.07)	(1.41)

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 SHAREHOLDERS' FUNDS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
<b>Shareholders' Funds at the Beginning of the Period</b>	87,162	94,966	94,966
<b>Earnings</b>			
Net Profit/(Loss) after Taxation	8,770	(9,828)	(2,288)
<b>Total Comprehensive Profit/(Loss) for the Period</b>	<b>8,770</b>	<b>(9,828)</b>	<b>(2,288)</b>
Distributions Paid and Payable to Shareholders	16	(3,764)	(5,516)
<b>Shareholders' Funds at the End of the Period</b>	<b>92,168</b>	<b>82,049</b>	<b>87,162</b>

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 2012**

	NOTE	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
<b>Current Assets</b>				
Cash and Cash Equivalents		557	1,236	9,924
Accounts Receivable	6	731	8,520	1,734
Prepayments		996	812	1,191
Investment Property Held for Sale Reclassified		4,600	-	-
Tax Receivable		-	585	343
Other Loans and Receivables	7	48	47	1,149
<b>Total Current Assets</b>		<b>6,932</b>	<b>11,200</b>	<b>14,341</b>
<b>Non Current Assets</b>				
Other Loans and Receivables	7	78	32	78
Investment Properties	8	121,700	155,200	143,150
Plant & Equipment		485	-	576
<b>Total Non Current Assets</b>		<b>122,263</b>	<b>155,232</b>	<b>143,804</b>
<b>Total Assets</b>		<b>129,195</b>	<b>166,432</b>	<b>158,145</b>
<b>Current Liabilities</b>				
Trade and Other Payables	10	1,056	2,697	2,396
Tax Payable		182	-	-
Distribution Payable to Shareholders	16	931	1,214	1,214
<b>Total Current Liabilities</b>		<b>2,169</b>	<b>3,911</b>	<b>3,610</b>
<b>Non Current Liabilities</b>				
Bank Loans (Secured)	11	30,000	70,600	62,000
Deferred Taxation	12	4,050	5,187	4,648
Interest Rate Swaps		808	4,686	725
<b>Total Non Current Liabilities</b>		<b>34,858</b>	<b>80,472</b>	<b>67,373</b>
<b>Shareholders' Funds</b>				
Shares Subscribed	13	134,089	134,089	134,089
Reserves		(41,921)	(52,040)	(46,927)
<b>Total Shareholders' Funds</b>		<b>92,168</b>	<b>82,049</b>	<b>87,162</b>
<b>Total Shareholders' Funds and Liabilities</b>		<b>129,195</b>	<b>166,432</b>	<b>158,145</b>

The Board of NPT Limited, approved the financial statements on 19 November 2012



Sir John Anderson, Director  
 CHAIRMAN



Jim Sherwin, Director  
 CHAIRMAN OF THE AUDIT COMMITTEE

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

**NPT LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

	NOTE	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
<b>Cash Flows from Operating Activities</b>				
<b>Cash was provided from (applied to):</b>				
Gross Rental Income		9,770	7,673	19,668
Insurance Rental Recoveries	21	29	4,476	6,611
Interest Income		9	9	24
Insurance Material Damage Recoveries		2,356	9,619	23,128
Income Tax Paid		(452)	4	-
Other Income		6	-	107
Operating Expenses		(5,787)	(6,834)	(12,061)
Buy Out of Interest Rate Swaps		-	-	(3,814)
Interest Expense		(1,882)	(2,616)	(5,116)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>14</b>	<b>4,049</b>	<b>12,331</b>	<b>28,546</b>
<b>Cash Flows from Investing Activities</b>				
<b>Cash was provided from (applied to):</b>				
Repayments from/(Advances) to Tenants		4	3	(52)
Net Proceeds from Sale of Investment Property		24,112	-	6,718
Plant & Equipment		(30)	-	(302)
Investment Properties under Development		(1,454)	(15,557)	(18,417)
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>22,632</b>	<b>(15,554)</b>	<b>(12,053)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Cash was provided from (applied to):</b>				
Proceeds from/(Repayments) of Bank Loans (Secured)		(32,000)	6,100	(2,500)
Distributions made to Shareholders		(4,048)	(1,874)	(4,302)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(36,048)</b>	<b>4,226</b>	<b>(6,802)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(9,367)</b>	<b>1,003</b>	<b>9,691</b>
Cash and Cash Equivalents at the Beginning of Period		9,924	233	233
<b>Cash and Cash Equivalents at the End of the Period</b>		<b>557</b>	<b>1,236</b>	<b>9,924</b>

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

# NPT LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

### 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 interim financial statements presented are those of the Company and its Subsidiaries ('the Group').

### 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 consolidated interim financial statements as were applied in the preparation of the Group's audited financial statements for the year ended 31 March 2012. The financial statements are presented in New Zealand Dollars ('NZD'), which is the Group's functional currency, rounded to the nearest thousand dollars (\$'000).

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

In the application of 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 Group's critical accounting policy and estimates in these unaudited condensed consolidated interim financial statements are as follows:

- (i) Investment Properties

### 3. SIGNIFICANT ACCOUNTING POLICIES

Please refer to the Group's 31 March 2012 Annual Report for a full list of significant accounting policies.

#### Subsidiaries

The condensed consolidated interim financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the condensed consolidated interim 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 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 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 Statement of Comprehensive Income in the period in which the disposal occurred.

### 4. DIRECT PROPERTY OPERATING EXPENSES

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Tenant Operating Expenses	(3,199)	(2,805)	(6,494)
Owner Operating Expenses	(1,276)	(1,180)	(2,990)
Bad Debts	-	1	(156)
Movement in Allowance for Doubtful Debts	-	(28)	92
<b>Total Direct Property Operating Expenses</b>	<b>(4,475)</b>	<b>(4,012)</b>	<b>(9,548)</b>

### 5. ADMINISTRATION EXPENSES

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Audit Fees	39	26	60
Directors Fees	110	110	220
Head Office Costs	567	695	939
Professional Fees	139	163	309
Registry and Stock Exchange Fees	30	19	45
Shareholder Communications	32	69	75
Other Operating Expenses	157	76	188
<b>Total Administration Expenses</b>	<b>1,074</b>	<b>1,158</b>	<b>1,836</b>

## 6. ACCOUNTS RECEIVABLE

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Accounts Receivable	731	8,640	1,734
Allowance for Doubtful Debts	-	(120)	-
<b>Total Accounts Receivable</b>	<b>731</b>	<b>8,520</b>	<b>1,734</b>

## 7. OTHER LOANS AND RECEIVABLES

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Sundry Debtors	31	34	34
Insurance Recoveries	-	-	1,093
Advances to Tenants	17	13	22
<b>Total Other Loans and Receivables - Current</b>	<b>48</b>	<b>47</b>	<b>1,149</b>
Advances to Tenants	78	32	78
<b>Total Other Loans and Receivables - Non Current</b>	<b>78</b>	<b>32</b>	<b>78</b>

Interest rates range from 0% to 12% per annum. Advances are repayable over a period of 13 months to 7 years 5 months.

## 8. INVESTMENT PROPERTIES

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Balance at the Beginning of the Period	143,150	168,640	168,640
Disposal of Investment Property	(25,045)	(7,020)	(6,950)
Capitalised Costs	1,017	15,641	18,417
Reclassify Lease Fitouts	-	-	(274)
Revaluation of Investment Properties	7,178	(22,061)	(36,683)
Investment Property Held for Sale Reclassified	(4,600)	-	-
<b>Balance at the End of the Period</b>	<b>121,700</b>	<b>155,200</b>	<b>143,150</b>

Investment Properties were valued at the reporting date by an independent registered external valuer who is a member of the Institute of Valuers of NZ. (This excludes Natcoll House, which was valued at 31st March 2012. The Directors hold the view that there have been no significant changes to the Christchurch CBD property market since this valuation took place).

342 Lambton Quay was sold during the interim period to Robt. Jones Holdings Limited and settled in full on 14 September 2012.



## 9. 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 segment results for the six months ended 30 September 2012 were as follows:

	INDUSTRIAL \$000	COMMERCIAL \$000	RETAIL \$000	UNALLOCATED \$000	TOTAL \$000
Segment Revenue	1,997	4,010	4,077	-	10,084
Net Segment Revenue	1,543	2,714	1,464	(83)	5,638
Net Profit/(Loss) before Taxation	4,052	2,296	5,414	(2,614)	9,148
Unrealised Change in Fair Value of Investment Properties	2,443	619	4,116	-	7,178
Total Liabilities	101	345	222	36,359	37,027
Total Assets	40,002	42,175	46,130	888	129,195

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)
Unrealised 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 year ended 31 March 2012 were as follows:

	INDUSTRIAL \$000	COMMERCIAL \$000	RETAIL \$000	UNALLOCATED \$000	TOTAL \$000
Segment Revenue	3,419	8,554	14,061	-	26,034
Net Segment Revenue	1,825	4,579	10,082	-	16,486
Net Profit/(Loss) before Taxation	4,721	2,192	(7,803)	(4,841)	(5,731)
Unrealised Change in Fair Value of Investment Properties	(1,842)	3,073	35,452	-	36,683
Total Liabilities	20,444	52,241	12,536	(14,238)	70,983
Total Assets	37,808	64,661	41,216	14,460	158,145

## 10. TRADE AND OTHER PAYABLES

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Interest Accrued	42	-	311
GST Payable	13	84	-
Rent in Advance	37	58	29
Other Creditors and Accruals	964	2,555	2,056
<b>Total Trade and Other Payables</b>	<b>1,056</b>	<b>2,697</b>	<b>2,396</b>

## 11. BANK LOAN (SECURED)

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Bank of New Zealand	30,000	70,600	62,000
<b>Total Bank Loans (Secured)</b>	<b>30,000</b>	<b>70,600</b>	<b>62,000</b>

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 thirtysix 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 Group's subsidiary companies. There is a fixed line fee payable quarterly on the \$80m facility.

The weighted average cost of funds for bank debt under the facility including margin but excluding line fee as at Balance date was 5.18% (30 September 2011: 6.25%). The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt by using Interest Rate Swaps. As at Balance date Interest Rate Swaps with a notional value of \$18m (30 September 2011: \$50m) were in place at a weighted average interest rate of 6.00% including margin but excluding line fee (30 September 2011: 6.89%) with a weighted average term of 2.26 years (30 September 2011: 3.82 years).

The Group 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 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, 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 interest rate swaps are recognised in the Statement of Comprehensive Income.

The Group recognises the risk of the fluctuating economic value of the financial instruments because of changes in interest rates in its attempt to manage its cash flow interest rate risk.

## 12. DEFERRED TAXATION

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Balance at the Beginning of the Period	4,648	-	-
Investment Properties Depreciation Recovery	(597)	6,393	4,808
Insurance Reimbursement, Allowance for Doubtful Debt and Insurance Excess	-	54	-
Depreciation & Others	-	(254)	-
Interest Rate Swaps	(23)	(74)	(203)
Losses Available for Offset Against Future Taxable Income	-	(932)	-
Other	22	-	43
<b>Balance at the End of the Period</b>	<b>4,050</b>	<b>5,187</b>	<b>4,648</b>

## 13. SHARES SUBSCRIBED

	UNAUDITED 6 MONTHS 30 SEP 2012	UNAUDITED 6 MONTHS 30 SEP 2011	AUDITED 12 MONTHS 31 MAR 2012
Number of Shares on Issue	161,920,433	161,920,433	161,920,433
Shares Subscribed (\$000)	134,089	134,089	134,089

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

## 14. RECONCILIATION OF NET PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Net Profit/(Loss) after Taxation	8,770	(9,828)	(2,288)
<b>Items Classified as Investing or Financing Activities:</b>			
Unrealised Change in Fair Value of Investment Properties	(7,178)	22,061	36,683
Loss on Realisation of Investment Properties	888	70	232
Unrealised Change in Fair Value of Interest Rate Swaps	83	1,003	(2,958)
Movement in Deferred Taxation - Current	(597)	(3,148)	(3,686)
<b>Movements in Working Capital Items:</b>			
Accounts Receivable/Prepayments	(410)	3,868	813
Trade and Other Payables	2,493	(1,695)	(7)
Taxation Receivable	-	-	(243)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>4,049</b>	<b>12,331</b>	<b>28,546</b>

## 15. EARNINGS PER SHARE

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

	UNAUDITED 6 MONTHS 30 SEP 2012	UNAUDITED 6 MONTHS 30 SEP 2011	AUDITED 12 MONTHS 31 MAR 2012
Profit/(Loss) attributable to Shareholders of the Company (\$000)	8,770	(9,828)	(2,288)
Weighted average number of Shares on Issue	161,920,433	161,920,433	161,920,433
Earnings per Share (cents)	5.42	(6.07)	(1.41)
<b>Weighted average number of Ordinary Shares</b>			
Issued Shares at the Beginning of the Period	161,920,433	161,920,433	161,920,433
Issued Shares at the End of the Period	161,920,433	161,920,433	161,920,433
<b>Weighted average number of Ordinary Shares for Earnings per Share</b>	<b>161,920,433</b>	<b>161,920,433</b>	<b>161,920,433</b>

## 16. DISTRIBUTIONS PAID AND PAYABLE

		UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
The following distribution was paid in respect of previous year	-	-	1,214	-
The following distribution was declared and paid in respect of previous year	1.7500 cents (2011:1.1575 cents)	2,834	1,875	1,874
The following distributions were declared and paid during the period	- (2011:1.5000 cents)	-	-	2,428
<b>Total Distribution Paid</b>		<b>4,048</b>	<b>1,875</b>	<b>4,302</b>
The following distribution was declared but unpaid at Balance Date	0.5753 cents (2011:0.7500 cents)	931	1,214	1,214
Less: distribution paid in respect of previous year		(1,214)	-	-
<b>Total Distributions Paid and Payable to Shareholders</b>		<b>3,764</b>	<b>3,089</b>	<b>5,516</b>

## 17. RELATED PARTY TRANSACTIONS

### Key Management Personnel

The Group has a related party relationship with their key personnel. Key management personnel include the Directors of the Parent and CEO. Remuneration provided to the CEO is detailed below.

No long term employee benefits or post-employment benefits are provided to key management personnel.

### Basis of transactions

Transactions with related parties have been entered into in the ordinary course of business and undertaken on normal commercial terms.

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

- a. Consultancy fees totalling \$3,658 were paid to J Sherwin (Director) during the period. (30 September 2011: \$9,753).
- b. Fees relating to the role of acting CEO totalling \$219,787 were paid to K Hitchcock (Director) via his consultancy company Charta Funds Management Limited and Kerry D Hitchcock Limited. (30 September 2011: \$179,249).

## 18. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 September 2012 (30 September 2011: Nil).

## 19. SUBSEQUENT EVENTS

A conditional sale and purchase agreement was signed for the sale of Ocean Boulevard Shopping Centre on 2nd October 2012. The contract went unconditional on 6th November 2012.

## 20. PAYMENT OF INTERIM DISTRIBUTION

On 22 August 2012, the Board of NPT Limited declared a payment from the Company of a first quarter distribution of 0.5753 cents per share which was paid on 5th October 2012.

## 21. CANTERBURY EARTHQUAKE

The Group has recognised the following recoveries resulting from the earthquakes:

	UNAUDITED 6 MONTHS 30 SEP 2012 \$000	UNAUDITED 6 MONTHS 30 SEP 2011 \$000	AUDITED 12 MONTHS 31 MAR 2012 \$000
Insurance reimbursement received from 1 April 2012 to 30 September 2012	1,199	16,899	19,847
Insurance reimbursement received after reporting date	-	-	950
Eastgate Car Park and Speciality Shops Material Damage Settlement	-	-	14,700
<b>Total Insurance Reimbursements Recognised</b>	<b>1,199</b>	<b>16,899</b>	<b>35,497</b>
Less: Recognised as Revenue in prior year by the Group	(950)	(5,894)	(5,894)
Less: Reclassified as Insurance Rental Recoveries	(29)	(4,476)	(6,031)
<b>Material Damage Claim Receipts Recognised</b>	<b>220</b>	<b>6,529</b>	<b>23,572</b>
Earthquake Related Expenses	(244)	(1,757)	(1,472)
<b>Net Earthquake Related Insurance Recoveries/(Expense)</b>	<b>(24)</b>	<b>4,772</b>	<b>22,100</b>

## 22. CONTINGENT ASSET

Natcoll House, located in Christchurch CBD sustained significant damage from the Canterbury earthquakes, 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 is a contingent asset as at 30 September 2012.



# Independent Review Report

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## **To the Share Holders of NPT Limited**

We have reviewed the condensed consolidated interim financial statements of NPT Limited (“the Company”) on pages 7 to 17 which comprise a condensed consolidated statement of financial position as at 30 September 2012, 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 2012, together with 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 2012.

### **Board’s Responsibilities**

The Board are responsible for the preparation of condensed consolidated interim financial statements which comply with generally accepted accounting practice in New Zealand and which fairly reflect the condensed consolidated financial position of the Company as at 30 September 2012 and the results of its operations for the six month period ended on that date, and for such internal controls as the Board determine is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

### **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**

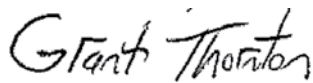
A review is limited primarily to enquiries of personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

We have reviewed the condensed consolidated interim financial statements of the Company for the six month period ended 30 September 2012 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 7 to 17 do not give a true and fair view of the condensed consolidated interim financial position as at 30 September 2012 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". The signature is written in a cursive, flowing style.

**Grant Thornton New Zealand Audit Partnership**  
Wellington, New Zealand  
19 November 2012

# NOTES



# DIRECTORY

## THE COMPANY

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