Annual Report

For the twelve months ended

31 March 2018

Contents

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2018

	Note	GROUP 2018 $000	GROUP 2017 $000
Gross Rental Income		16,694	17,152
Other Income		5	30
Unrealised Change in Fair Value of Interest Rate Swaps	10	79	732
Sale of Management Rights	25	4,500	-
Total Income		**21,278**	**17,914**
Direct Property Operating Expenses	6	(4,995)	(5,276)
Net Finance Costs	7	(2,821)	(2,726)
Administration Expenses	8	(2,951)	(2,612)
Net Loss on Sale of Plant and Equipment	14	(29)	(87)
Unrealised Change in Fair Value of Property	12	(2,945)	(1,651)
Net (Loss) on Sale of Investment Property	12	(2,970)	-
Transaction Costs	23	(686)	(1,339)
Total Expenses		(17,397)	(13,691)
Profit Before Income Tax		**3,881**	**4,223**
Income Tax Expense	9	(786)	(1,150)
Net Profit After Taxation		**3,095**	**3,073**
Other Comprehensive Income		-	-
Total Comprehensive Income		**3,095**	**3,073**

Earnings Per Share		**Cents per Share**	
Basic and Diluted Earnings Per Share	19	1.91	1.90

The notes set out on pages 8 to 30 form part of, and should be read in conjunction with, the consolidated financial statements

Consolidated Statement of Changes in Shareholders' Funds
For the year ended 31 March 2018

	Note	Contributed Capital $000	Retained Earnings $000	Attributable to Owners of the Group $000
Shareholders' Funds at 1 April 2016		**134,089**	**(14,297)**	**119,792**
Net Profit after Taxation		-	3,073	**3,073**
Distributions Paid and Payable to Shareholders	20	-	(5,792)	**(5,792)**
Other Comprehensive Income		-	-	**-**
Shareholders' Funds at 31 March 2017		**134,089**	**(17,016)**	**117,073**
Shareholders' Funds at 1 April 2017		**134,089**	**(17,016)**	**117,073**
Net Profit after Taxation		-	3,095	**3,095**
Distributions Paid and Payable to Shareholders	20	-	(5,829)	**(5,829)**
Other Comprehensive Income		-	-	**-**
Shareholders' Funds at 31 March 2018		**134,089**	**(19,750)**	**114,339**

The notes set out on pages 8 to 30 form part of, and should be read in conjunction with, the consolidated financial statements

Consolidated Statement of Financial Position
As at 31 March 2018

	Note	GROUP 2018 $000	GROUP 2017 $000
Current Assets			
Cash and Cash Equivalents		472	2,030
Trade and Other Receivables	11	339	462
Prepayments		340	616
Investment Property Held for Sale	12	43,814	-
Total Current Assets		**44,965**	**3,108**
Non-Current Assets			
Investment Properties	12	124,556	178,173
Plant & Equipment	14	80	1,068
Total Non-Current Assets		**124,636**	**179,241**
Total Assets		**169,601**	**182,349**
Current Liabilities			
Trade and Other Payables	15	2,227	2,589
Deposit Received on Property Held for Sale	12	4,700	-
Tax Payable	9	462	296
Total Current Liabilities		**7,389**	**2,885**
Non-Current Liabilities			
Bank and Other Loans	16	44,500	58,500
Deferred Tax Liability	9	2,533	2,972
Interest Rate Swaps	10	840	919
Total Non-Current Liabilities		**47,873**	**62,391**
Shareholders' Funds			
Contributed Capital	17	134,089	134,089
Retained Earnings	18	(19,750)	(17,016)
Total Shareholders' Funds		**114,339**	**117,073**
Total Shareholders' Funds and Liabilities		**169,601**	**182,349**

The Board of NPT Limited approved the consolidated financial statements for issued on 29 May 2018.

Bruce Cotterill
Chairman

Carol Campbell
Chair Audit and Risk Committee

The notes set out on pages 8 to 30 form part of, and should be read in conjunction with, the consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	GROUP 2018 $000	GROUP 2017 $000
Cash Flows from Operating Activities			
Cash was provided from/(applied to):			
Gross Rental Income		17,286	16,762
Interest Income		41	69
Taxation Paid		(1,057)	(1,055)
Other Income		5	285
Operating Expenses		(6,908)	(9,123)
Interest Expense		(2,902)	(2,794)
Net Cash Inflow from Operating Activities		**6,465**	**4,144**
Cash Flows from Investing Activities			
Cash was provided from/(applied to):			
Sale of Investment Property		8,250	-
Cost of Disposal of Investment Property		(220)	-
Deposit Received from Investment Property Held for Sale	12	4,700	-
Plant and Equipment		-	(584)
Capital Expenditure on Investment Properties		(4,738)	(8,201)
Transaction Costs		(686)	(1,138)
Sale of Management Rights	25	4,500	-
Net Cash (Outflow) from Investing Activities		**11,806**	**(9,923)**
Cash Flows from Financing Activities			
Cash was provided from/(applied to):			
(Repayment)/Drawdown of Bank and Other Loans (Secured)		(14,000)	10,500
Distributions made to Shareholders	20	(5,829)	(5,792)
Net Cash (Outflow) / Inflow from Financing Activities		**(19,829)**	**4,708**
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,558)	(1,071)
Cash and Cash Equivalents at the Beginning of the Year		2,030	3,101
Cash and Cash Equivalents at the End of the Year		**472**	**2,030**

The notes set out on pages 8 to 30 form part of, and should be read in conjunction with, the consolidated financial statements

Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

	GROUP 2018 $000	GROUP 2017 $000
Net Profit after Taxation	**3,095**	**3,073**
Items Classified as Investing or Financing Activities:		
Unrealised (Gain)/Loss in Fair Value of Investment Properties	2,945	1,651
Transaction Costs	686	1,339
Loss on Disposal of Investment Property	2,750	-
Loss on Sale of Plant and Equipment	29	87
Cost of Sale of Print Place	220	-
Unrealised Loss in Fair Value of Interest Rate Swaps	(79)	(732)
Movement in Deferred Taxation	(439)	78
Sale of Management Rights	(4,500)	-
Movements in Working Capital Items:		
Accounts Receivable and Prepayments	868	(328)
Trade and Other Payables	367	(1,170)
Taxation Payable	166	17
Non-Cash Item		
Depreciation	357	129
Net Cash Inflow from Operating Activities	**6,465**	**4,144**

Reconciliation of Liabilities arising from Financing Activities

The changes in the Group's liabilities arising from financing activities can be classifed as follows:

Bank and Other Loans	
1 April 2017	58,500
Repayments	(14,000)
31 March 2018	**44,500**
1 April 2016	48,000
Loan Increases	10,500
31 March 2017	**58,500**

The notes set out on pages 8 to 30 form part of, and should be read in conjunction with, the consolidated financial statements

Notes to the Consolidated Financial Statements
For the year ended 31 March 2018

1. 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 Group is investing in industrial, retail and commercial property in New Zealand.

2. 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 New Zealand Accounting Standards Board.

The consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis and also comply with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements set out in section 7 of the Financial Markets Conduct Act 2013 and the Main Board Listing Rules of the NZX.

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. They are the same accounting policies as were applied for the year ended 31 March 2017 consolidated financial statements.

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 consolidated 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 Judgments 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:

Valuation of Investment Properties (Note 12)

Recognition of Deferred Tax (Note 9)

3. SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policy

In prior years certain lease fitouts, plant and equipment and furniture and fittings have been recorded separately from the investment properties as plant and equipment. These have been reclassified as investment property at reporting date as management has determined they would likely include these items in any sale of property. Note 14 discloses the impact of this reclassification.

In addition the Group's policy to provide details on its financing activities was changed as a result of the following standard. The amendments to NZ IAS 7 'Statements of Cash Flows', effective 1 January 201, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorises those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by NZ IAS 7.

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 profit or loss in the period in which the change occurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and Equipment

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

Depreciation

Depreciation is charged on a straight-line basis to write down the cost of plant and equipment to its estimated residual value over its estimated useful life. Plant and equipment 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%

(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

Borrowing costs, interest payable on borrowings within the consolidated Statement of Comprehensive Income and gain/loss on interest rate swaps are recognised as an expense in the profit or loss when incurred. Borrowing costs incurred that do not relate to qualifying assets are treated as an expense and are not capitalised.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Goods and Services Tax (GST)

All items in the Consolidated 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 Consolidated Statement of Cash Flows 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.

(l) Financial Instruments

Financial Assets and Financial Liabilities are recognised on the Consolidated 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 Group 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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognised 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 recognised in Profit or Loss within the Consolidated Statement of Comprehensive Income.

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

4. 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 New Zealand Accounting Standards Board.

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 additional disclosures will be required.

5. OPERATING PROFIT BEFORE FAIR VALUE MOVEMENTS, DISPOSALS AND TAXATION

	GROUP 2018 $000	GROUP 2017 $000
Gross Rental Income	16,694	17,152
Other Income	5	30
Total Income	**16,699**	**17,182**
Direct Property Operating Expenses	(4,995)	(5,276)
Net Income	**11,704**	**11,906**
Administration Expenses	(2,951)	(2,612)
Gross Operating Profit	**8,753**	**9,294**
Interest Income	41	69
Interest and Finance Charges	(2,862)	(2,795)
Net Finance Costs	**(2,821)**	**(2,726)**
Operating Profit Before Fair Value Movements, Disposals And Taxation	**5,932**	**6,568**

6. DIRECT PROPERTY OPERATING EXPENSES

	GROUP 2018 $000	GROUP 2017 $000
Tenant Operating Expenses	(4,120)	(4,009)
Owner Operating Expenses	(802)	(994)
Bad Debts	(29)	(14)
Movement in allowance for Doubtful Debts	(44)	(259)
Total Direct Property Operating Expenses	**(4,995)**	**(5,276)**

7. NET FINANCE COSTS

	GROUP 2018 $000	GROUP 2017 $000
Interest Income	41	69
Interest and Finance Charges	(2,862)	(2,795)
Net Finance Costs	**(2,821)**	**(2,726)**

8. ADMINISTRATION EXPENSES

	GROUP 2018 $000	GROUP 2017 $000
Audit Fees	(108)	(87)
Directors Fees	(279)	(234)
Employee Costs	(931)	(1,160)
Redundancy Costs	(726)	-
Office Costs	(392)	(316)
Professional Fees	(313)	(625)
Registry and Stock Exchange Fees	(113)	(105)
Shareholder Communications	(66)	(85)
Total Administration Expenses	**(2,951)**	**(2,612)**

Fees for Grant Thornton comprise the following:

	GROUP 2018 $000	GROUP 2017 $000
Other Assurance Services	(29)	(29)
Statutory Audit	(79)	(58)
Total Fees Paid to Grant Thornton	**(108)**	**(87)**

9. INCOME TAX

	GROUP 2018 $000	GROUP 2017 $000
Net Profit Before Taxation	3,881	4,223
Taxation at 28%	1,087	1,182
Less Taxation Effect of Permanent Differences		
Loss/(Gain) on Realisation of Investment Properties	832	(389)
Investment Properties Depreciation	(657)	-
Adjustment for non-recovered Depreciation	(272)	-
Investment Properties Gain (Loss)	824	-
Loss on Disposal	(7)	-
Sale of Management Rights	(1,260)	-
Transaction Costs	192	-
Other	47	357
Taxation Expense/(Benefit) per the Statement of Comprehensive Income	**786**	**1,150**
The Income Tax Expense is represented by:		
Current Tax		
Current Year Tax Provision	(1,223)	(1,095)
Total Current Tax Movement	**(1,223)**	**(1,095)**
Current Tax Asset/(Liability)		
Opening Balance	(296)	(279)
Current Year Tax Provision	(1,223)	(1,095)
Tax Paid/(refunded)	1,057	1,078
Total Current Tax Asset/(Liability)	**(462)**	**(296)**
Deferred Tax		
Lease Incentives	98	49
Unrealised Interest Rate Swap Gain/(Loss)	(22)	(205)
Depreciation on Investment Properties	272	-
Investment Property Sale	209	-
Provisions	(119)	86
Other	-	(8)
Total Deferred Tax Movement	**438**	**(78)**

Deferred Tax Asset/(Liability)	GROUP 2018 $000	GROUP 2017 $000
Investment Properties Depreciation Recovery	(2,868)	(3,350)
Interest Rate Swaps	235	257
Other	100	121
Balance at the End of the Period	**(2,533)**	**(2,972)**

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 change is expected to unwind over the longer term. Swaps have been recognised as non-current as the current portion as disclosed in Note 22 is not considered material for separate disclosure in the Statement of Financial Position.

The Group has four interest rate swaps currently in place, with the following values: The first for $20m will expire on 7 May 2019, the second for $5m expires on 22 April 2021, the third, also for $5m, expires on 30 September 2021, and the fourth for $10m will expire on 8 May 2022.

	GROUP 2018 $000	GROUP 2017 $000
Balance at the Beginning of the Period	919	1,651
Current Year Fair Value Change of Swaps	(79)	(732)
Balance at the End of the Period	**840**	**919**

11. TRADE AND OTHER RECEIVABLES

	GROUP 2018 $000	GROUP 2017 $000
Trade Receivables	353	494
Allowance for Doubtful Debts	(91)	(55)
Total Accounts Receivable	**262**	**439**
Other Loans and Receivables	77	23
Total Trade and Other Receivables	**339**	**462**

12. INVESTMENT PROPERTIES

Reconciliation of Carrying Amount	GROUP 2018 $000	GROUP 2017 $000
Balance at the Beginning of the Period	175,956	171,265
Disposal of Investment Property	(11,008)	-
Work in Progress	119	-
Building Improvements	15	-
Reclassifications from Work in Progress	5,726	4,736
Reclassifications from Plant and Equipment	977	-
Capitalised Lease Incentives and Commissions	(470)	1,606
Revaluation of Investment Properties	(2,945)	(1,651)
Investment Property Held for Sale Reclassified as current asset	(43,814)	-
Balance at the End of the Period	**124,556**	**175,956**

All properties that will not be sold in the next 12 months 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:

DESCRIPTION	VALUER	CAPITALISATION RATE	OCCUPANCY RATE %	WALT YEAR	GROUP 2018 $000
Eastgate Shopping Centre					
Cnr Buckleys Road & Linwood Avenue, Christchurch	Jones Lang LaSalle	8.00%	94.30%	4.7	58,910
Heinz Wattie's Warehouse					
113 Elwood Road, Hastings	Colliers	8.13%	100.00%	8.9	27,439
Roskill Centre					
22 Stoddard Road, Auckland	Colliers	6.25%	100.00%	3.8	38,049
			97.40%	4.4	**124,398**

Print Place was sold on 29 March for $8.25 million. This resulted in a loss on sale of this property of $2.97 million, recognised in the Consolidated Statement of Comprehensive Income profit or loss.

The AA Centre has an unconditional Sale and Purchase Agreement in place that is expected to settle 12 July 2018. The sales price is $47 million and a deposit of $4.7 million has been received, the deposit is shown in current liabilities. The property is classified as held for sale and is measured at fair value less costs to sell. Fair value is based up on the contracted sale price less known costs to complete refurbishment that NPT limited is contractually obliged to perform.

Investment Property Held for Sale	**GROUP 12 months 2018 $000**
Contract Sale Price AA Centre	47,000
WIP	(68)
Lease Incentives	(39)
Contractual Cost to Complete cladding	(2,584)
Cost of Sale	(495)
Sale Price	**43,814**

GROUP 2017

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

Measurement of Fair Value

(i) Fair Value Hierarchy

The Group's investment properties were valued at 31 March 2018 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.

12. INVESTMENT PROPERTIES (continued)

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 Jones Lang LaSalle's valuation for Eastgate Shopping Centre and Colliers' valuations for the rest of the investment properties.

	GROUP
	2018
Loss on Sale of Print Place	**$000**
Opening Carrying Value	11,026
Plus Cost of Sale Transaction	194
Less Sale Price	(8,250)
Loss on Sale	**2,970**

(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 2018 have been categorised within Level 3 of the fair value hierarchy.

12. INVESTMENT PROPERTIES (continued)

DESCRIPTION	VALUATION $000	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS	SENSITIVITY OF FAIR VALUE TO CHANGES IN The estimated fair value would increase/(decrease)
Investment Properties	124,398	Capitalisation of Net Income	The capitalisation rate range applied is 6.25% - 8.125%. The rental reversion as a rate of investment property value rate range is -7.43% - 8.0%. This is an adjustment for those tenancies whose rental is above or below the market rate.	Retail and office rental growth was higher (lower). Rental reversions was higher (lower).
			The capital expenditure as a rate of investment property value rate range is 0.33% - 1.37% over the next 24 months.	Capital expenditure was lower (higher).
		Discounted Cash Flow	The discount rate range applied is 8.50% - 9.25%.	The discount rate was lower (higher).
			Occupancy rate range applied is 94.3% - 100.00%.	The occupancy rate was higher (lower).
			Rental growth rate range is 1.0% - 3.0% over 10 years.	Office rental growth was higher (lower).
			A letting up period range of 3 - 8 months has been allowed at the end of each existing lease of the properties.	Capital expenditure was lower (higher).

13. INVESTMENT IN SUBSIDIARIES

	PERCENTAGE HELD	
	GROUP 31 MAR 2018	GROUP 31 MAR 2017
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%	100%

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

14. PLANT AND EQUIPMENT

GROUP 2018	LEASE FITOUTS $000	PLANT & EQUIPMENT $000	FURNITURE & FITTINGS $000	COMPUTER EQUIPMENT $000	TOTAL $000
Cost					
Balance at the Beginning of the Period	524	535	378	138	1,575
Additions	36	262	76	16	390
Disposals	(16)	(19)	(18)	-	(53)
Reclassified as Investment Property	(544)	(758)	(115)	(89)	(1,506)
Balance at the End of the Period	**-**	**20**	**321**	**65**	**406**
Accumulated Depreciation					
Balance at the Beginning of the Period	(190)	(103)	(118)	(96)	(507)
Depreciation	(48)	(76)	(203)	(30)	(357)
Disposals	-	3	6	-	9
Reclassified as Investment Property	238	156	50	85	529
Balance at the End of the Period	**-**	**(20)**	**(265)**	**(41)**	**(326)**
Net Book Value at the End of the Period	**-**	**-**	**56**	**24**	**80**

Totals across the plant and equipment classes are showing the effect of the change in accounting policy in which plant and equipment that are an integral part of the buildings have been included in the investment property valuations.

The Net Loss on Sale of Plant and Equipment shown in the Consolidated Statement of Comprehensive Income is included disposals.

GROUP 2017	LEASE FITOUTS $000	PLANT & EQUIPMENT $000	FURNITURE & FITTINGS $000	COMPUTER EQUIPMENT $000	TOTAL $000
Cost					
Balance at the Beginning of the Period	422	173	368	114	1,077
Additions	102	378	80	25	585
Disposals	-	(16)	(69)	(2)	(87)
Balance at the End of the Period	**524**	**535**	**378**	**138**	**1,575**
Accumulated Depreciation					
Balance at the Beginning of the Period	(148)	(69)	(89)	(71)	(377)
Depreciation	(42)	(36)	(26)	(26)	(130)
Disposals	-	2	(3)	1	-
Balance at the End of the Period	**(190)**	**(103)**	**(118)**	**(96)**	**(507)**
Net Book Value at the End of the Period	**334**	**432**	**260**	**42**	**1,068**

15. TRADE AND OTHER PAYABLES

	GROUP 2018 $000	GROUP 2017 $000
Accrued Interest and Fees Payable to Bank	284	324
GST Payable	742	-
Rent in Advance	33	146
Other Creditors and Accruals	1,168	2,119
Total Trade and Other Payables - Current	**2,227**	**2,589**

16. BANK AND OTHER LOANS

	GROUP 2018 $000	GROUP 2017 $000
Bank of New Zealand (Secured)	44,500	58,500
Total Bank Loans - Non-Current	**44,500**	**58,500**
Agreed Bank Facility	**70,000**	**70,000**

The Group has a $70 million banking facility arranged with the Bank of New Zealand that 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 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 the reporting date was 5.42% (2017: 5.08%).

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.

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 Profit or Loss within the Statement of Comprehensive Income.

Refer to Note 22, Financial Instruments for additional information.

17. CONTRIBUTED CAPITAL

	GROUP		GROUP	
	2018 No of shares	2018 $000	2017 No of shares	2017 $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 Period	161,920,433	134,089	161,920,433	134,089
Balance at the End of the Period	**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.

18. RETAINED EARNINGS

	GROUP 2018 $000	GROUP 2017 $000
Balance at the Beginning of the Period	(17,016)	(14,297)
Net Profit After Taxation	3,095	3,073
Distributions Paid and Payable to Shareholders	(5,829)	(5,792)
Balance at the End of the Period	**(19,750)**	**(17,016)**

19. EARNINGS PER SHARE

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

	GROUP 2018 $000	GROUP 2017 $000
Profit/(Loss) attributable to Shareholders of the Group	3,095	3,073
Number of Shares on Issue	161,920	161,920
Basic and Diluted Earnings per Share (cents)	1.91	1.90

Number of Ordinary Shares		
Issued Shares at the Beginning of the Period	161,920,433	161,920,433
Issued Shares at the End of the Period	161,920,433	161,920,433
Number of Ordinary Shares for Basic and Diluted Earnings per Share	161,920,433	161,920,433

20. DISTRIBUTIONS PAID AND PAYABLE

		GROUP 2018 $000	GROUP 2017 $000
The following distribution was declared and paid in respect of the previous year:	0.900cents (2017: 0.875 cents)	1,458	1,416
The following distributions were declared and paid during the year:	0.900cents (2017: 0.900 cents)	1,457	1,462
	0.900cents (2017: 0.900 cents)	1,457	1,457
	0.900cents (2017: 0.900 cents)	1,457	1,457
Total Distributions Paid		**5,829**	**5,792**

21. SEGMENT INFORMATION

The principal business activity of the Group is to invest in New Zealand properties. Investment properties have similar economic characteristics, methods of management and are under leases of various terms. Segment reporting is presented in a consistent manner with internal reporting provided to the chief operating decision maker. During the year ended 31 March 2017 the Chief Executive was the chief operating decision maker who receives internal financial information on a property by property basis, assessing property performance and deciding on the resource allocation. During the period to 31 March 2018 new directors were appointed who reassessed and changed the previous reporting structure to the board. The Group operates only in New Zealand. On this basis all of the Group's property have been aggregated into a single reporting segment to most appropriately reflect the nature and financial effects of the business activities. Comparitive information has been restated in order to be comparable with the new way information is being reported.

Segment values for the year ended 31 March 2018 were as follows:

	Investment Property $000	Unallocated $000	Total $000
Segment Revenue	16,706	(12)	16,694
Net Segment Revenue	11,444	(12)	11,432
Net Profit/(Loss) before Taxation	5,514	(1,633)	3,881
Change in Fair Value of Investment Properties	(2,945)	-	(2,945)

Segment values for the year ended 31 March 2017 were as follows:

	Investment Property $000	Unallocated $000	Total $000
Segment Revenue	17,152	-	17,152
Net Segment Revenue	11,593	-	11,593
Net Profit/(Loss) before Taxation	9,932	(5,709)	4,223
Change in Fair Value of Investment Properties	(1,651)	-	(1,651)

22. 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 (2017: $40m).

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

22. FINANCIAL INSTRUMENTS (continued)

GROUP 2018	EFFECTIVE INTEREST RATE RANGE	LESS THAN 1 YEAR $000	1-2 YEARS $000	2 YEARS + $000
Financial Assets				
Cash and Cash Equivalents	1.75%	472	-	-
Accounts Receivable and Prepayments		679	-	-
Total Financial Assets		**1,151**	-	-
Financial Liabilities				
Trade and Other Payables		2,227	-	-
Bank Loans	2.605% - 4.55%	-	-	44,500
Tax Payable		462	-	-
Total Financial Liabilities		**2,689**	-	**44,500**

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**

Interest Rate Swaps

Accounting Classifications and Fair Value

	AVERAGE FIXED INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE - LEVEL 2	
	2018	2017	2018 $000	2017 $000	2018 $000	2017 $000
Less than 1 year	-	4.26%	-	10,000	-	55
Greater than 1 year but less than 5 years	3.64%	3.91%	40,000	30,000	840	864
5 years +	-	-	-	-	-	-
			40,000	**40,000**	**840**	**919**

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 2018, approximately 89.89% (2017: 68.37%) 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.

22. 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 2018 $000	GROUP 2017 $000
Cash and Cash Equivalents	14	25
Bank Loans	(99)	(95)

1% (Decrease)	GROUP 2018 $000	GROUP 2017 $000
Cash and Cash Equivalents	(14)	(25)
Bank Loans	99	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 2018	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	-	472	-	472	472
Accounts Receivable	-	339	-	339	339
Total Financial Assets	**-**	**811**	**-**	**811**	**811**
Financial Liabilities					
Bank Loans	-	-	44,500	44,500	44,500
Trade and Other Payables	-	-	2,227	2,227	2,227
Interest Rate Swaps	840	-	-	840	840
Total Financial Liabilities	**840**	**-**	**46,727**	**47,567**	**47,567**

22. FINANCIAL INSTRUMENTS (continued)

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 Consolidated 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.

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 2018	BALANCE $000	CONTRACTUAL CASH FLOWS $000	ON DEMAND $000	1-2 YEARS $000	2-5 YEARS $000	MORE THAN 5 YEARS $000
Trade and Other Payables	2,227	2,227	-	-	-	-
Bank Loans	44,500	50,078	-	2,412	45,253	-
Interest Rate Swaps	840	378	-	92	194	-
Total Non-Derivative Net Financial Liabilities	**47,567**	**52,683**	**-**	**2,504**	**45,447**	**-**

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

22. FINANCIAL INSTRUMENTS (continued)

Capital Management

The Group's capital includes contributed capital 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 2018.

23. TRANSACTION COSTS

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. A further $0.430 million of costs was incurred in the year to 31 March 2018.

In July 2017 NPT received a proposal from Augusta Funds Management Limited to sell the management rights of the Group. This process was carefully reviewed to ensure it was in the best interests of NPT shareholders. The costs incurred in this due diligence process have also been described as transaction costs and totalled $0.256 million.

The total of $0.686 million of costs are included in the Consolidated Financial Statements as transaction costs in the Consolidated Statement of Comprehensive Income.

24. LEASE COMMITMENTS

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 2018 $000	GROUP 2017 $000
Future minimum rentals receivable under non-cancellable Operating Leases		
Within one year	10,351	13,634
After one year but not more than five years	24,323	38,929
Later than five years	17,544	17,828
Total minimum lease receivables	**52,218**	**70,391**

The above rental receivables are based on contracted amounts as at 31 March 2018 and 31 March 2017.

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 13, the AA Centre, 99 Albert Street, Auckland. This non-cancellable lease is $244,303 p.a. and extends out to the 31st of December 2019. On 12 July the sale of the AA Centre to SkyCity will complete and lease obligations will commence.

In 2017 the Group entered into a commercial property lease for its Head Office premises at Level 26 PWC Tower, 188 Quay Street, Auckland. This non-cancellable lease was for $124,922 p.a. and in March 2017 had a remaining term of 9 months.

	GROUP 2018 $000	GROUP 2017 $000
Future minimum rentals payable under non-cancellable Operating Leases		
Within one year	175	94
After one year but not more than five years	184	-
Total minimum lease payables	**359**	**94**

25. RELATED PARTY TRANSACTIONS

Key Management Personnel

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

	GROUP 2018 $000	GROUP 2017 $000
Salaries and other key management personnel benefits	1,292	951
Directors fees	279	234
Total payments to key management personnel	**1,571**	**1,185**

The table above includes remuneration of the Chief Executive Officer and other key management personnel of the Group. Values were significantly higher in 2018 due to costs associated with restructuring.

Augusta Funds Management Limited

On 26 March 2018 the Group sold the management rights to Augusta Funds Management Limited (AFM) for $4.5 million. The Group will be managed by AFM under the terms of the signed management contract.

AFM's parent Augusta Capital Limited holds an 18.85% stake in the Group at 31 March 208 (2017 9.26%).

The table below sets out the related party transactions.

	GROUP 2018 $000	GROUP 2017 $000
Sale of management rights	4,500	-
Management fees	(18)	-
Dividend paid to Augusta Capital Limited	(1,099)	(270)

26. CAPITAL COMMITMENTS

At the reporting date the Group had $2.76 million committed to capital expenditure for the AA Centre stairwell (2017: $2.20 million).

27. CONTINGENT LIABILITIES

At the reporting date the Group had no material contingent liabilities (2017: Nil).

28. SUBSEQUENT EVENTS

There have been no significant NPT related events since 31 March 2018.

An instinct for growth™

Independent Auditor's Report

Audit

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To the Shareholders of NPT Limited

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of NPT Limited ("the Company") and its subsidiaries ("the Group"), on pages 3 to 30, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of NPT Limited as at 31 March 2018 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Audit and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for NPT Limited and the entities it controlled in the area of related assurance services. The provision of these other services has not impaired our independence as auditor of the Group. The firm has no other interests in the Company and the entities it controlled.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. We summarise below those matters, and our key audit procedures, to address those matters in order that the Company's shareholders as a body may better understand the process by which we arrived at our audit opinion.These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Our procedures to address the key audit matters
Investment Property valuation 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. The estimates and underlying assumptions are reviewed on an ongoing basis. As at 31 March 2018, Investment Property carried at fair value of $167 million is held across multiple New Zealand locations. There are a number of risks that can have a material impact on the investment property balance in the consolidated financial statements, principally: • valuations of all the investment properties may not be performed by qualified and experienced commercial property valuers; • methods and assumptions used by the property valuers, may not be considered appropriate; • the calculation of the fair value amount for each of the investment properties, as well as the revaluation adjustment for the year may not be correct; • data provided to the property valuers may not be appropriate;	We have: • obtained and agreed the schedule of investment properties to the respective independent valuation reports, performed by valuation experts; • evaluated the qualifications and work of each valuation expert, for each of the investment properties; • inquired about and documented the methods and assumptions used by the expert, and considered the appropriateness of those assumptions and methods used, for each property valuation; • re-performed the calculation in determining the fair value amount of each investment property, as well as the revaluation adjustment to be recorded for the year; • tested the appropriateness of data provided to the expert, for each property valuation; • ensured properties held for sale are recorded at appropriate fair value at the reporting date based upon actual market evidence of the expected sale and that any estimates or judgements made by Management are reasonable and appropriate for financial reporting purposes.

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Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-5/

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

K Price
Partner
Auckland

29 May 2018

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