

NPT Limited Shareholders Annual Meeting
19 March 2018
Chaired by Bruce Cotterill, Chairman of NPT Limited

The following is the address of Mr Bruce Cotterill (Chairman) to the shareholders of NPT Limited (NPT). This address was presented at 2pm on Monday 19 March 2018 at Link Market Services, 80 Queen Street, Auckland.

CHAIRMAN'S ADDRESS

Welcome

Good morning ladies and gentlemen. My name is Bruce Cotterill and I am Chairman of NPT Limited. I would like to welcome you to this Special Meeting of NPT Shareholders.

I am pleased to advise that this meeting has been properly convened and Notice of Meeting duly given.

The quorum for the meeting is three or more shareholders present having the right to vote at the meeting. As a quorum is present, I now declare the meeting open.

Introductions

I would like to introduce my fellow directors – Carol Campbell, Allen Bollard and Paul Duffy.

Also present today are:

- Our CEO, Tony Osborne.
- Our Legal Counsel, David Stock.
- Mark Francis, Managing Director, Augusta; and
- Representatives of both of the management teams of Augusta and NPT.

Mark Francis and his team from Augusta have made themselves available to answer any questions as today's discussion progresses.

We have representatives of Link Market Services in attendance who will facilitate the voting and act as scrutineers in relation to the votes cast.

For the sake of clarity, I think it is important to make you aware of how the Board has managed Paul Duffy's role in the discussions that have led to this proposal being tabled today. As you know, Paul is a Board member of NPT and is also the Chairman of Augusta – which does provide scope for a conflict of interest. Early on, we operated a sub-committee comprising the Independent Directors of NPT to drive the negotiations and decision making process in regards to this proposed transaction with Augusta.



I can therefore confirm that Paul Duffy's presence here today should not imply that he has played a part in the decision-making process.

Voting

The principal purpose of today's meeting is to consider the Proposed Transaction involving the sale of management rights as set out in detail in the Notice of Meeting.

During the course of the meeting there will be a motion put to give effect to the Proposed Transaction.

At the appropriate point I will give an opportunity for discussion and then put the motion to the vote. Voting will be by a poll and only shareholders or proxy holders may vote.

As a Related Party, Augusta will not be entitled to vote its shares in respect of the resolution.

You will have received a voting card from Link Market Services when you registered your meeting attendance. If you have not completed registration please go to the Link desk at the entrance. You will need a voting card in order to vote.

When completing your vote, please tick one box either For, Against, or Abstain alongside the resolution in the section marked Voting Instructions.

Your voting card will be collected once the resolution set out in the Notice of Meeting has been voted on.

Voting cards will be collected in ballot boxes which will be circulated around the room.

Once collected the scrutineers will begin the process of counting the votes and the results will be released to NZX and on our website shortly after the scrutineers have signed off on them following the conclusion of the meeting.

Speakers

At the appropriate time, should you wish to address a comment or question to the Chair, please raise your hand. By way of introduction please stand if possible, advise the meeting of your name, whether you are a shareholder, or if you are a proxy holder, the name of the shareholder you represent.

Notice of Meeting

The Notice of Meeting, including explanatory notes was emailed or mailed to shareholders on the 1st of March and contains the business to be dealt with at this meeting. There have been no other



items of business received for consideration and consequently only the proposal set out in the Notice of Meeting can be considered and voted on today.

Proxies

I am advised that 177 shareholders holding 83,625,592 shares are represented by proxies.

There is an Interests Register and Share Register available for shareholders to inspect. Please see the Link desk at registration if you would like to do so.

Agenda

The meeting agenda will follow the format set out in the Notice of Meeting.

First we will discuss the Proposed Transaction set out in Resolution 1 and then we will vote on that resolution.

Once the voting has been concluded we will finish with general business.

Resolution 1

The item of business before us and the reason we are here today is to consider and vote on Resolution 1 as set out in the Notice of Meeting, being the resolution required for the implementation of the Proposed Transaction endorsed by the independent directors.

On behalf of the Board of Directors I move that:

For the purposes of Listing Rule 9.2.1 the sale of management rights of NPT Limited to, and entering into a management agreement with, Augusta Funds Management Limited as described in more detail in the Explanatory Notes accompanying the Notice of Meeting, be and is approved.

Do I have a seconder please?

Before inviting questions in relation to this motion, I would like to provide the meeting with a brief summary of the extensive information contained in your Notice of Meeting.

As stated in the Notice of Meeting, the independent directors of the Board of NPT have recommended that shareholders vote in favour of the resolution to externalise the management of NPT to Augusta.

We, the independent directors, arrived at our recommendation after satisfying ourselves that we had negotiated the best position for all NPT shareholders under the circumstances. We then sought independent confirmation that the position that we had negotiated is fair to all shareholders not associated with Augusta.



The Independent Appraisal Report prepared by KordaMentha confirmed that this was the case and this gave the independent directors the basis to proceed to present the resolution to shareholders for approval.

Subsequently, there has been analyst commentary in the market that has confirmed our assessment that the Proposed Transaction is in the best interests of all shareholders.

In the months prior to entering into negotiations with Augusta, the Board considered a number of options for the future of NPT.

These options included strategic partnerships, property purchases and winding up the company, among others.

Ultimately, the best alternative, under the circumstances, was determined to be the proposal for externalization of the management of NPT to Augusta.

Key Features of the Proposal

The key features of the proposal include:

- NPT will receive a one-off payment of \$4.5m from Augusta.
- NPT will enter into a Management Agreement with Augusta that is unique in the sector in that it may be terminated any time after five years should the circumstances arise where internal management becomes appropriate.
- The right to terminate without cause requires the payment of a fee. The formula for the calculation of that fee is based on similar metrics to the initial payment received from Augusta. This is inherently fair to both Augusta and NPT and provides certainty of the potential future cost to NPT.
- Ongoing fees to Augusta under the Management Agreement compare favourably with sector benchmarks.
- While it is standard practice under management agreements in the Listed Property Sector for the manager to be paid a fee for the divestment of a property, there is no fee payable to Augusta should NPT sell a property.
- The Property Management Fee of 1.5% of gross rental income is modest by industry standards.



Key Benefits of NPT

The key benefits to NPT are:

1. As a significant shareholder in NPT, we believe that the interests of Augusta and NPT are closely aligned and Augusta will be highly motivated to grow NPT and to improve its returns.
2. Augusta has substantial resources that NPT will be able to leverage to grow more quickly than it would be able to with its own limited resources.
3. There is an immediate saving in the cost of running the company once the Management Agreement starts. On a comparative basis with our FY18 forecast, this reduction in the Management Expense Ratio (MER) will increase earnings per share.

The Board considers that the externalisation of the management of NPT to Augusta will lead to improved returns to shareholders beyond the immediate cost savings when compared with any other option that has been evaluated.

At this juncture, we felt that shareholders may wish to hear from Augusta themselves. In this regard, we would invite Mark Francis of Augusta to address the meeting.

Presentation by Mark Francis, Managing Director, Augusta

Questions

Thank you Mark for your presentation.

There is a considerable amount of information contained in the Notice of Meeting and the Independent Appraisal Report. It is important that you have time now to ask any questions.

Accordingly, I would like to now open the floor to any comments or questions in relation to the motion.

If you would like to comment or ask a question, can you please raise your hand.

As a reminder, please advise the meeting of your name, whether you are a shareholder, or if you are a proxy holder, the name of the shareholder you represent.

There being no further discussion, I now put the motion.

Could you please take your time to mark your voting cards with your vote. As a reminder the voting card will be collected at the end of the meeting and the vote will be conducted by way of poll.



I will now ask the Link staff to collect your voting cards.

General Business

We now turn to the General Business section of the meeting. The Company will be holding an annual meeting in August at which time there will also be an opportunity to comment or ask any questions. However, we invite any discussion on matters other than those already discussed.

Thank you for your attendance.

We welcome the opportunity to talk personally with you and invite you to join us for refreshments. A reminder that the results of the poll will be released to the NZX this afternoon as soon as the scrutineers have validated them.

I now declare the meeting closed.

For more information, please contact:

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