

12 April 2017

Dear Shareholder,

By now you should have received your copy of the Notice of Special Meeting of Shareholders to be held in Auckland on 21st April 2017.

There has been a lot of commentary in the media lately; therefore I am writing this letter so that you have a first-hand view of what your Board is recommending and why.

The resolutions being put forward at the special meeting are critical to the future of NPT Limited and your investment in the Company.

In essence, the resolutions will decide firstly, and very importantly, if you want your Company governed by the current Board of Carol Campbell, Jim Sherwin and myself, or governed by new directors who have been put forward by Augusta Capital including the Chair of Augusta Capital, Paul Duffy.

Your current Board has addressed the issues facing NPT, being its low share price relative to the net tangible value of its assets (NTA) and its sub optimal size, \$170 million of assets.

The Board proposed by Augusta has not put forward its strategy for the Company. If the resolutions proposed by Augusta are passed, the directors nominated by Augusta would have the authority to take NPT in any direction they choose, including the ability to grant Augusta a contract to manage the Company and its assets if they wished.

It is this uncertainty around the intentions of an Augusta promoted Board that leads me to ask you to consider this carefully as our Board considers that voting for the three Augusta nominees is not in the best interests of shareholders. This will require a vote **NO to Resolutions 2, 3, 4, 5, and 6.**

The second major issue is the future of NPT and your investment in it. Clearly, NPT is too small to continue as a sustainable operation. Your Board has addressed this by seeking proposals from parties that will grow the Company; provide first class management; and drive for a sustainable future for your Company.

The Board has received a high quality proposal from Kiwi Property Group that will afford NPT the benefits of scale through a single transaction, set the Company on a path of sustainable growth and add significantly to the Company's depth of management.



The nature of the management contract sets a new standard in the New Zealand listed property market. It can be cancelled by NPT without cause after 5 years with shareholder approval, with a market based fee to be paid in that event. The management contract could only be sold by Kiwi to a third party if NPT provides its written consent to that sale. Kiwi brings a team of 170 to assist us in managing your Company.

We want to emphasise - this is not a takeover by Kiwi. Your Board will continue to govern NPT on your behalf and NPT will still own its portfolio of properties including those being purchased from Kiwi.

The Board has had advice from Northington Partners who assessed all proposals submitted to the Board. The Kiwi Proposal was well ahead of all other proposals. It has also received support from independent brokers.

The Kiwi proposal is definite and capable of execution now versus any proposal Augusta may wish to develop and put forward. The Kiwi proposal offers certainty for NPT's future; Augusta has not put forward any plan.

On this basis, the Board recommends that you vote **YES for Resolution 1.**

The future of your Company is in your hands. It is clear to everyone that our retail investors will control the outcome of the vote. I ask you to take this matter very seriously and to exercise your vote.

This can be done by following the voting procedure at the special meeting or by appointing a proxy. If you have already voted and wish to change your vote you can contact Link Market Services by phone on +64 9 375 5998 or by email at [enquiries@linkmarketservices.co.nz](mailto:enquiries@linkmarketservices.co.nz).

The manager of one of our major institutional investors, ANZ Investments, has written a very informative article about the issues NPT faces, I have attached this article for your information.

Your Board is committed to putting in place the strategy it has developed to grow your wealth as shareholders

Kind regards



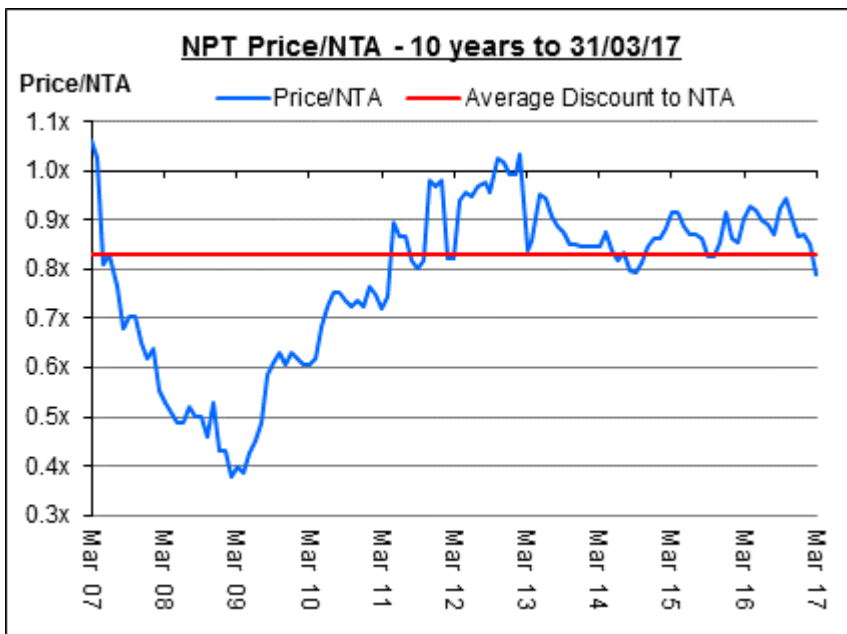
Tony Sewell  
Chairman  
NPT Limited



**Below is the article from Craig Tyson, ANZ Investments, sent to the National Business Review and the New Zealand Herald:**

The Board of NPT have proposed a deal with Kiwi Property Group (KPG) which involves raising equity to buy two Wellington assets from KPG at a 2.5% discount to valuation (\$235.8m) and which more than doubles NPT's size. KPG will also pay to externalise the management contract and receive NPT shares to the value of \$48m as part of the price (\$230m).

While it is not ideal to be raising equity at a big discount to book values to fund the purchase, NPT has on average traded at a 17% discount to net tangible asset value (NTA) over the past 10 years. This compares to an average discount to NTA for the listed property sector of 5% over the same time period.



So NPT has on average traded at a 12% discount to the sector over the last 10 years. A large part of this discount relates to NPT's lack of scale which results in a high Management Expense Ratio (MER) and low share price liquidity.

Investors in NPT have to decide whether they want NPT to remain sub-scale and therefore more likely to trade at a large discount to NTA and the sector or try to address the scale issue by buying property and raising equity.

The Kiwi Property Group (KPG) proposal, while not perfect, does provide the much needed scale and is nearly 10% earnings accretive at the prices assumed in the Notice of Meeting. Included in the deal is a \$6m payment to externalise NPT's management contract, which is significantly more than any previous proposals and a lot more than the \$2.5m NPT investors paid to internalise the vehicle 6 years ago. In addition, and probably more importantly, KPG



has significant retail leasing and development experience which we think is vital to unlock the value in NPT's largest asset, Eastgate Shopping Centre in Christchurch.

Yes, as part of the deal KPG also gets to buy shares at a large discount but NPT has consistently traded at a large discount as the chart above shows.

It would be a shame to miss an opportunity to fix NPT's scale issue. The KPG proposal gets NPT to a reasonable size quickly and accretively for shareholders. Significant transaction costs have been incurred to bring this proposal to investors so if this deal were to be voted down then any future deal would need to be even more accretive than the KPG deal to justify any further due diligence costs. And any future proposal would also face the same hurdles as the KPG proposal, namely raising equity at a big discount to NTA.

We have seen a number of alternative proposals for NPT over the years but the KPG deal is the best one by some margin and is the only one currently on the table.

ANZ Investments is a 15.3% shareholder in NPT and an 8.9% shareholder in KPG.

