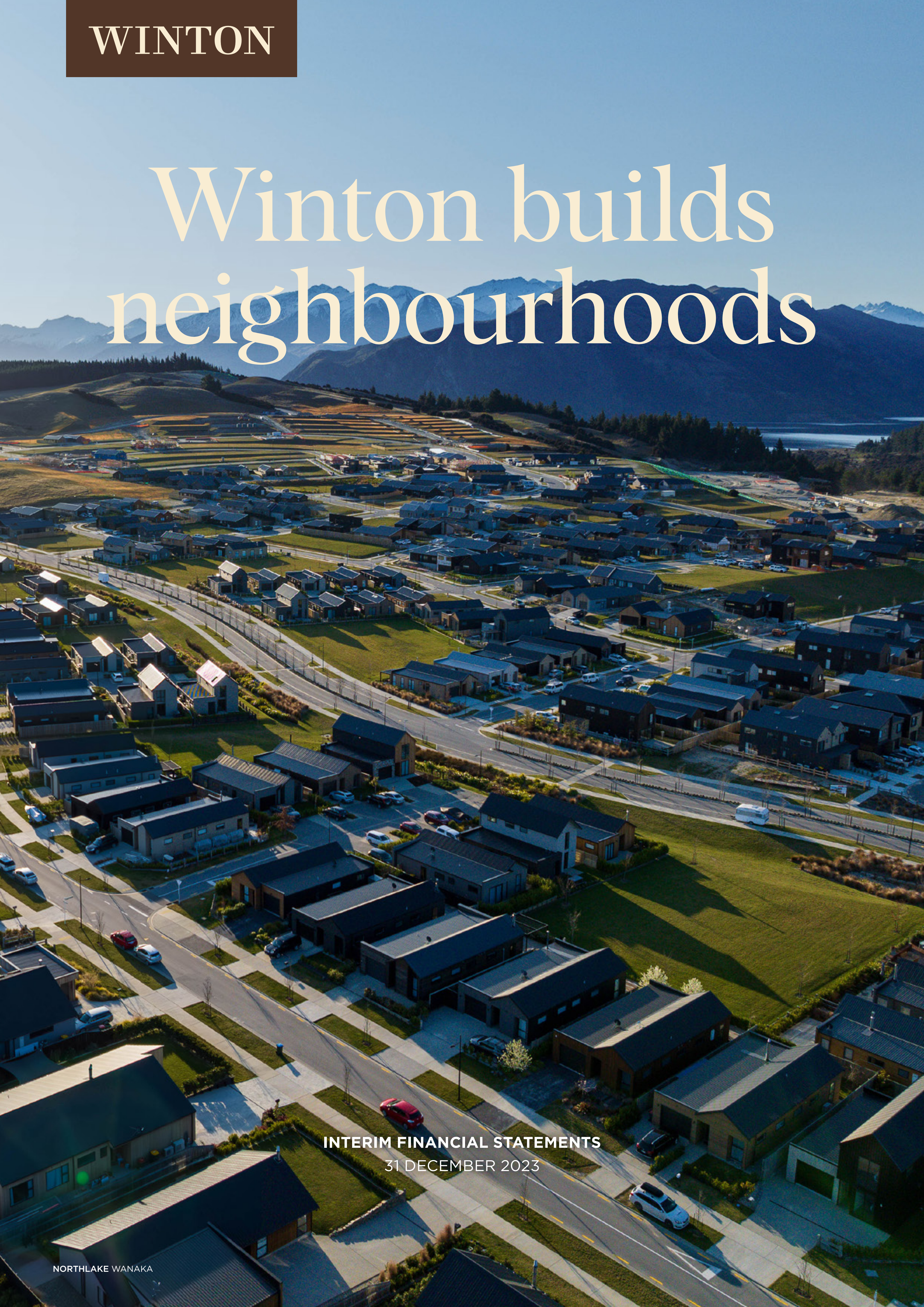
WINTON

# Winton builds neighbourhoods



**INTERIM FINANCIAL STATEMENTS**
31 DECEMBER 2023

**NORTHLAKE** WANAKA

# Contents




CRACKER BAY
AUCKLAND

# Letter from CEO/Chairman

## Chris Meehan

The first half of this financial year has been filled with significant milestones, each of them a stepping stone toward Winton's growth plan to create more diversified and recurrent revenue streams.

My highlights this year so far included starting construction at Northbrook Wynyard Quarter, Northbrook Wanaka and Northbrook Arrowtown, the market reaction to our luxury later living proposition, future residents securing their homes within Northbrook, opening Ayrburn in December and new residents moving into Winton neighbourhoods as completed product settled.

Off the back of a significant year of delivery in FY23, momentum continued into FY24 across the business. Our long-standing pre-sale strategy has continued to serve Winton well in the current challenging economic environment and property market. Winton settled 158 units during the six months ending 31 December 2023 (H1 FY24) delivering $85.6 million revenue, down 7.7% from $92.8 million in H1 FY23 when we settled 219 units. Settlements in H1 FY24 included the Northlake Apartments and Commercial in Wanaka, Launch Bay Townhouses in Hobsonville Point, and properties at Beaches Matarangi, Lakeside in Te Kauwhata, and North Ridge in Cessnock and comprised more dwellings compared to H1 FY23, increasing the average revenue per unit.

Cost of sales reflects the mix of products settled during the period. During H1 FY24, 34.8% of product settled were constructed homes and commercial units compared to 11.9% in H1 FY23, resulting in a 24.7% higher cost of sales to $57.0 million. These are partially offset by higher average revenue per unit received over the period.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of $14.2 million and $9.7 million profit after tax were down 71.5% from $49.8 million and 71.8% from $34.5 million respectively. As I mentioned above, this is due to the higher cost of sales from more built product this period, a $13.0 million lower gain in revaluation of investment properties and higher selling and administrative expenses mainly from the launch of Northbrook and Ayrburn, both of which I go into more detail on below.

We finished the half year in an excellent position with pre-sales of $409.0 million as at 31 December 2023, a landbank yield of 6,268 units[1], including 902 retirement living units, and cash holdings of $99.3 million. In December, we implemented an $80.0 million debt facility secured only against our Lakeside project to fund Winton's wider growth plans, particularly our luxury later living offering, Northbrook.

**LAKESIDE**
TE KAUWHATA

NORTHLAKE WANAKA

| | | |
|---|---|---|
| **$85.6M** REVENUE | **$14.2M** EBITDA | **$9.7M** PROFIT AFTER TAX |
| **158** UNITS SETTLED | **6,268** UNITS[1] LANDBANK YIELD | **$409.0M** PRE SALES |

1. Units comprise residential land lots, dwellings, townhouses, apartments, retirement living units and commercial units. Target units to be developed from 1 January 2024 onwards on existing projects are based on management estimates and masterplans current as at 31 December 2023. Target total units, target product mix and target settlement period may change, including due to planning outcomes and market demand.

# Letter from CEO/Chairman continued

We launched our first Northbrook location in June last year at Wynyard Quarter. Over the six months ending 31 December, momentum continued, including the launch of Northbrook Wanaka in August. Interest and sales at both locations are going well, further validating our position in the premium target market. Resource consent has been granted for all five locations, which, in addition to the above, include Northbrook Launch Bay, Northbrook Arrowtown, and Northbrook Avon Loop. Construction is underway at Wynyard Quarter, Wanaka and Arrowtown, with the first residences in Wanaka due for completion in 2025.

In December we opened Ayrburn, Winton's hospitality precinct near Arrowtown. After many years of planning, designing and constructing, it was exciting to share it with the public. Since opening, we have had thousands of people visit Ayrburn, whether it be for a meal at The Woolshed, a wine tasting at The Manure Room, cocktails in the sun, the Christmas markets, or gelato by the creek. While we are only two months into trading, it has been incredible to see the response and have back-to-back days fully booked over the summer period. The hospitality precinct is part of the wider Ayrburn masterplan that also includes additional hospitality venues, a spectacular Northbrook site, boutique hotel and a small number of exclusive residential lifestyle lots.

As we invested in these two new business units, associated selling expenses and administrative expenses increased. The 29.3% increase to $4.0 million in selling expenses reflects the additional marketing spend to support the Northbrook sales pipeline and the launch of Ayrburn. Normalised post-COVID business activity, alongside headcount increasing to support the growth of the business and increased business activity attributable to Northbrook and Ayrburn, resulted in administrative expenses increasing to $11.3 million.

Outside of the day-to-day, the business goes from strength to strength. From an ESG perspective, during the first half of FY24 the management team approved the Winton sustainability framework, we made good progress toward the required climate-related disclosures and our ESG improvements were acknowledged by external commentators.

To appropriately resource Winton's growing business, we continued to hire high-quality people to join the Winton team; we invested in systems and implemented policies, putting us in good stead for the next Winton phase.

**AYRBURN**
ARROWTOWN

**BEACHES**
MATARANGI


LAKESIDE
TE KAUWHATA

# Letter from CEO/Chairman continued

## Board Changes

In November, David Liptak notified his intention to retire as a Director from the Winton board following the completion of the transaction to sell 14,830,687 shares to Akarua (a real estate vehicle managed by Macquarie Asset Management). On 10 February, that transaction was completed, and David retired from the Board on 12 February 2024.

David's investment in Winton in 2017 enabled the acceleration of Winton's growth plans. His support and contribution as a board member over the years have been invaluable. Myself, the Board of Directors and the management team sincerely thank him for his time and support since joining the Winton Board and becoming a shareholder. David remains a significant shareholder.

In November we appointed Guy Fergusson as a director of the Winton Board. We are delighted Guy has joined the board, bringing with him his vast corporate finance and capital markets experience.

## Dividend

The Board declared a dividend of 0.55 cents per share for the six months ending 31 December 2023.

The dividend is in line with our dividend policy, updated in February 2023 to exclude any unrealised valuation movements in investment properties and within a pay-out ratio of approximately 20-40% of full-year distributable earnings.

## Market and Outlook

While some positive indicators are appearing, including slowing inflation, an increase in net migration, improving REINZ statistics, and decreasing residential lending rates, we remain cautious. In the short term, we are prepared for sales to remain slower, inflation to remain elevated, and continued pressure on borrowers. However, we are focusing on buyer groups that are the least affected by these headwinds, and are generally well-positioned to use current market conditions to our advantage.

While the market and economic landscape is complicated, there is a lot going on at Winton and a lot to look forward to. A big thank you to everyone involved in bringing each Winton project to life, on time and on budget, including the Winton team, our contractors, and our service suppliers.

Sincerely,

**Chris Meehan**
CEO/Chairman

# Financial Commentary

In the 6 months to 31 December 2023, a total of 158 units settled, with 34.8% of settlements constructed compared to 11.9% in H1 FY23. Winton has delivered revenues of $85.6 million in H1 FY24, 7.7% down from $92.8 million in H1 FY23.

Cost of sales has increased from $45.7 million in H1 FY23 to $57.0 million in H1 FY24. This is largely a result of the 22.9% increase in built product settled by volume in H1 FY24.

In H1 FY24, Winton opened Ayrburn and continued to generate annuity income from Lakeside Commercial and Cracker Bay.

Revaluation of investment properties gain of $2.6 million results from the revaluation of Northbrook Launch Bay following the receipt of resource consent in September 2023. This compares to a gain of $15.6m in H1 FY23, with the lower gain as a result of the timing of consents granted, the properties being revalued, and the original purchase price of the underlying land.

Administrative expenses have increased in H1 FY24 by $2.4 million. $1.8 million of this is a result of increased employee benefits, with an increased headcount in H1 FY24 to support Winton's growth and new operating businesses. The remainder of the increase is due to growth of Winton's operations and a reflection of some inflationary pressures.

Selling expenses were higher in H1 FY24 by 29.3%. The increase relates to marketing spend to support the Northbrook sales pipeline, and publicity ahead of the recent opening of Ayrburn.

The resultant net profit after tax in H1 FY24 of $9.7 million is reduced from $34.5 million, presenting a $24.7 million decrease.

An increase in property, plant and equipment of $23.6 million since FY23 represents a significant investment in Ayrburn, while an increase of $28.5 million in investment properties represents progress at Northbrook Wanaka and Wynyard Quarter, as well as the redevelopment of Cracker Bay.

Winton has entered into an $80 million debt facility to support Winton's growth plans. The facility with Massachusetts Mutual Life Insurance Company is fully ringfenced to the Lakeside development and provides an initial equity release to fund the development of Northbrook villages. The additional limit will be used to fund Lakeside, while the proceeds of Lakeside settlements will fully extinguish the loan. We enter the second half of FY24 with $99.3 million in cash reserves.

**AYRBURN**
ARROWTOWN


NORTHBROOK
WYNYARD QUARTER

**LAUNCH BAY TOWNHOUSES**
HOBSONVILLE POINT

# Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

# Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2023

| All VALUES IN $000'S | NOTE | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|---|
| Revenue | 2 | 85,621 | 92,766 |
| Cost of sales | | (57,003) | (45,726) |
| (Loss) / gain on sale of property, plant and equipment | | (200) | 297 |
| Fair value gain on investment properties | | 2,591 | 15,569 |
| Selling expenses | | (4,020) | (3,108) |
| Property expenses | | (837) | (576) |
| Administrative expenses | 10.1 | (11,319) | (8,936) |
| Share-based payment expense | | (655) | (540) |
| **Earnings before interest, taxation, depreciation and amortisation (EBITDA)** | | 14,178 | 49,746 |
| Amortisation | | (283) | (236) |
| Depreciation | | (902) | (909) |
| **Earnings before interest and taxation (EBIT)** | | 12,993 | 48,601 |
| Interest income | | 2,300 | 1,267 |
| Interest expense and bank fees | | (1,735) | (971) |
| **Profit before income tax** | | 13,558 | 48,897 |
| Income tax expense | | | |
| Current taxation | 10.2 | (3,447) | (7,887) |
| Deferred taxation | 10.2 | (382) | (6,539) |
| Total income tax expense | | (3,829) | (14,426) |
| **Profit after income tax** | | 9,729 | 34,471 |
| Items that may be reclassified to profit or loss: | | | |
| Movement in currency translation reserve | | (17) | (457) |
| **Total comprehensive income after income tax attributable to the shareholders of the Company** | | 9,712 | 34,014 |
| Basic earnings per share (cents) | 9.1 | 3.28 | 11.62 |
| Diluted earnings per share (cents) | 9.2 | 3.16 | 11.21 |

*The accompanying notes form part of these interim financial statements.*

# Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

| ALL VALUES IN $000'S | NOTE | SHARE CAPITAL | RETAINED EARNINGS | SHARE BASED PAYMENTS RESERVE | FOREIGN CURRENCY TRANSLATION RESERVE | TOTAL EQUITY |
|---|---|---|---|---|---|---|
| **Balance as at 30 June 2022 (audited)** | | 386,595 | 66,348 | 829 | 318 | 454,090 |
| Total comprehensive income | | - | 34,471 | - | (457) | 34,014 |
| Dividends to shareholders | 10.3 | - | (3,174) | - | - | (3,174) |
| Share-based payment expense | | - | - | 754 | - | 754 |
| **Balance as at 31 December 2022 (unaudited)** | | 386,595 | 97,645 | 1,583 | (139) | 485,684 |
| | | | | | | |
| **Balance as at 30 June 2023 (audited)** | | 386,595 | 121,702 | 2,338 | (221) | 510,414 |
| Total comprehensive income | | - | 9,729 | - | (17) | 9,712 |
| Dividends to shareholders | 10.3 | - | (6,407) | - | - | (6,407) |
| Share-based payment expense | | - | - | 758 | - | 758 |
| **Balance as at 31 December 2023 (unaudited)** | | 386,595 | 125,024 | 3,096 | (238) | 514,477 |

*The accompanying notes form part of these interim financial statements.*

# Consolidated Statement of Financial Position

As at 31 December 2023

| All VALUES IN $000'S | NOTE | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 99,292 | 76,310 |
| Accounts receivable, prepayments and other receivables | 10.4 | 10,185 | 6,873 |
| Inventories | 4 | 79,887 | 91,128 |
| **Total current assets** | | 189,364 | 174,311 |
| | | | |
| **NON-CURRENT ASSETS** | | | |
| Inventories | 4 | 156,273 | 165,567 |
| Investment properties | 5 | 235,997 | 207,517 |
| Property, plant and equipment | 6 | 64,081 | 40,459 |
| Right-of-use asset | | 140 | 281 |
| Intangible assets | 7 | 2,196 | 2,479 |
| **Total non-current assets** | | 458,687 | 416,303 |
| **Total assets** | | 648,051 | 590,614 |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable, accruals and other payables | 10.5 | 22,227 | 30,140 |
| Current lease liabilities | 10.6 | 1,220 | 1,281 |
| Taxation payable | | 21,609 | 23,395 |
| **Total current liabilities** | | 45,056 | 54,816 |
| | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 8 | 63,315 | - |
| Non-current lease liabilities | 10.6 | 9,177 | 9,740 |
| Deferred tax liabilities | 10.2 | 16,026 | 15,644 |
| **Total non-current liabilities** | | 88,518 | 25,384 |
| **Total liabilities** | | 133,574 | 80,200 |
| **Net assets** | | 514,477 | 510,414 |
| | | | |
| **EQUITY** | | | |
| Share capital | 10.3 | 386,595 | 386,595 |
| Foreign currency translation reserve | | (238) | (221) |
| Share-based payment reserve | | 3,096 | 2,338 |
| Retained earnings | | 125,024 | 121,702 |
| **Total equity** | | 514,477 | 510,414 |

*These interim financial statements are signed on behalf of Winton Land Limited and were authorised for issue on 20 February 2024.*
*The accompanying notes form part of these interim financial statements.*

**Christopher Meehan**
Chairman

**STEVEN JOYCE**
Chair, Audit and Financial Risk Committee

# Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

| All VALUES IN $000'S | NOTE | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 85,264 | 93,635 |
| Interest received | | 2,300 | 1,267 |
| Net GST (received) / paid | | (11,007) | 3,651 |
| Payments to suppliers and employees | | (47,122) | (89,662) |
| Purchase of development land | | - | (22,186) |
| Deposits paid on contracts for land | | (5,400) | (3,600) |
| Interest and other finance costs paid | | (1,378) | (473) |
| Income tax paid | | (5,233) | (557) |
| **Net cash flows from operating activities** | | 17,424 | (17,925) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of property, plant and equipment | | 10 | 1,330 |
| Intangible assets acquired | | - | (2,875) |
| Acquisition of land for investment properties | | - | (63,888) |
| Payments to suppliers and employees for investment properties | | (25,773) | (21,136) |
| Acquisition of property, plant and equipment | | (24,421) | (8,142) |
| **Net cash flows from investing activities** | | (50,184) | (94,711) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Net proceeds from borrowings | | 63,315 | - |
| Payment of principal portion of lease liabilities | | (1,166) | - |
| Payment of dividends | 10.3 | (6,407) | (3,174) |
| **Net cash flows from financing activities** | | 55,742 | (3,174) |
| Net increase in cash and cash equivalents | | 22,982 | (115,810) |
| Cash and cash equivalents at beginning of year | | 76,310 | 204,824 |
| **Cash and cash equivalents at end of year** | | 99,292 | 89,014 |

*The accompanying notes form part of these interim financial statements.*

# Notes to the Interim Financial Statements

For the six months ended 31 December 2023

## 1. General Information

This section sets out the basis upon which the Group's Interim Financial Statements are prepared.

### 1.1. Reporting entity

These unaudited consolidated interim financial statements (the interim financial statements) are for Winton Land Limited and its subsidiaries (together, the Group). The Company is a limited liability company incorporated in New Zealand and is registered under the New Zealand Companies Act 1993. The Company is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and these interim financial statements have been prepared in accordance with the requirements of these Acts. The Company is listed on the NZX Main Board (NZX: WIN) and the ASX Main Board (ASX: WTN).

The Group's principal activity is the development and sale of residential land properties. The Group also develops retirement villages and commercial properties however these are start-up operations.

### 1.2. Basis of preparation

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34 'Interim Financial Reporting' and IAS 34 'Interim Financial Reporting'. For the purposes of complying with NZ GAAP the Group is a for-profit entity.

These interim financial statements have been prepared on the historical cost basis except where otherwise identified. All financial information is presented in New Zealand dollars and has been rounded to the nearest thousand.

These interim financial statements should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2023 which may be downloaded from the Company's website (https://www.winton.nz).

### 1.3. Critical judgements, estimates and assumptions

In applying the Group's accounting policies, the Board and Management continually evaluates judgements, estimates and assumptions that may have an impact on the Group. The significant judgements, estimates and assumptions made in the preparation of these financial statements were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2023.

### 1.4. Accounting policies

The accounting policies adopted are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2023.

### 1.5. Significant events and transactions

The financial position and performance of the Group was affected by the following events and transactions that occurred during the reporting period:

**Borrowings**

On 14 December 2023, Lakeside Developments 2017 Limited (a 100% subsidiary company of the Company) entered into a debt facility with Massachusetts Mutual Life Insurance Company (MMLIC) for $80,000,000. Refer to note 8 for further details.

# Notes to the Interim Financial Statements

For the six months ended 31 December 2023

## 2. Revenue

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | UNAUDITED 31 DECEMBER 2022 |
|---|---|---|
| Sales revenue | 83,487 | 85,079 |
| Rent | 1,764 | 1,929 |
| Other income | 370 | 5,758 |
| **Total revenue** | 85,621 | 92,766 |

## 3. Segment Reporting

### (i) Basis for segmentation

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The Group has established the following reportable segments that are managed separately because of different operating strategies. The following describes the operation of each of the reportable segments:

| Reportable segment | Operations |
|---|---|
| Residential development | Design, develop, market and sell residential properties to external customers. These include land lots, dwellings, townhouses and apartments with the majority of operations in New Zealand. |
| Retirement villages | Develop and operate retirement villages in New Zealand. |
| Commercial portfolio | Develop and manage a commercial portfolio to produce rental income, operating income and capital appreciation in New Zealand. |

## 3. Segment Reporting (Continued)

### (ii) Information about reportable segments

The retirement villages and commercial portfolio segments are start-up operations.

The following is an analysis of the Group's segments:

| All VALUES IN $000'S | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| **Revenue** | | |
| Residential development | 82,922 | 90,875 |
| Commercial portfolio | 2,699 | 1,891 |
| **Group** | 85,621 | 92,766 |
| | | |
| **Earnings before interest, taxation, depreciation and amortisation (EBITDA)** | | |
| Residential development | 17,787 | 36,111 |
| Retirement villages | - | 11,874 |
| Commercial portfolio | (1,861) | 3,308 |
| Unallocated | (1,748) | (1,547) |
| **Group** | 14,178 | 49,746 |
| | | |
| **Earnings before interest and taxation (EBIT)** | | |
| Residential development | 17,362 | 35,753 |
| Retirement villages | (98) | 11,874 |
| Commercial portfolio | (2,523) | 2,521 |
| Unallocated | (1,748) | (1,547) |
| **Group** | 12,993 | 48,601 |

## 3. Segment Reporting (Continued)

### (ii) Information about reportable segments (Continued)

| | | | UNAUDITED 31 DECEMBER 2023 | | |
|---|---|---|---|---|---|
| **All VALUES IN $000'S** | **RESIDENTIAL** | **RETIREMENT** | **COMMERCIAL** | **UNALLOCATED** | **TOTAL** |
| **Segment assets and liabilities** | | | | | |
| Inventories | 236,160 | - | - | - | 236,160 |
| Investment properties | - | 182,846 | 53,151 | - | 235,997 |
| Property, plant and equipment | - | 2,765 | 52,001 | 9,315 | 64,081 |
| Other assets | 10,185 | - | 2,073 | 99,555 | 111,813 |
| Total assets | 246,345 | 185,611 | 107,225 | 108,870 | 648,051 |
| Total liabilities | 110,454 | 4,465 | 16,740 | 1,915 | 133,574 |
| **Net assets** | 135,891 | 181,146 | 90,485 | 106,955 | 514,477 |

| | | | AUDITED 30 JUNE 2023 | | |
|---|---|---|---|---|---|
| **All VALUES IN $000'S** | **RESIDENTIAL** | **RETIREMENT** | **COMMERCIAL** | **UNALLOCATED** | **TOTAL** |
| **Segment assets and liabilities** | | | | | |
| Inventories | 256,695 | - | - | - | 256,695 |
| Investment properties | - | 161,451 | 46,066 | - | 207,517 |
| Property, plant and equipment | - | - | 31,635 | 8,824 | 40,459 |
| Other assets | 5,590 | 300 | 3,072 | 76,981 | 85,943 |
| Total assets | 262,285 | 161,751 | 80,773 | 85,805 | 590,614 |
| Total liabilities | 61,156 | 4,036 | 14,190 | 818 | 80,200 |
| **Net assets** | 201,129 | 157,715 | 66,583 | 84,987 | 510,414 |

## 4. Inventories

| **All VALUES IN $000'S** | **UNAUDITED 31 DECEMBER 2023** | **AUDITED 30 JUNE 2023** |
|---|---|---|
| Expected to settle within one year | 79,887 | 91,128 |
| Expected to settle greater than one year | 156,273 | 165,567 |
| **Total inventories** | 236,160 | 256,695 |

## 5. Investment Properties

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| Opening balance | 207,517 | 80,498 |
| Acquisitions | - | 71,163 |
| Right-of-use asset acquired | - | 11,497 |
| Unrealised fair value gain | 2,591 | 6,821 |
| Capital expenditure | 25,889 | 37,538 |
| **Total investment properties** | 235,997 | 207,517 |
| **Less: lease liability** | (10,231) | (10,698) |
| **Total investment properties excluding NZ IFRS 16 lease adjustments** | 225,766 | 196,819 |

The Board considered the carrying value of the investment property portfolio to ensure investment properties are held at fair value at 31 December 2023. The Board determined that an external valuation was appropriate for Northbrook Launch Bay land. This has been performed by Bayleys Real Estate Limited. The valuation method applied was a sales comparison approach with the key assumption being land value per square metre with estimates used of between $1,950 and $2,050.

One investment property with a total value of $30,079,000 (30 June 2023 $23,298,000) could not be reliably measured as at 31 December 2023 due to the resource consent changes being in progress and the current stage of development of the property. Therefore it is held at cost at 31 December 2023.

As the fair value of investment property is determined using inputs that are unobservable, the Group has categorised investment property as level 3 under the fair value hierarchy in accordance with NZ IFRS 13 'Fair Value Measurement'.

The significant unobservable input used in the fair value measurement of the Group's development land is the value per m2 assumption. Increases in the value per m2 rate result in corresponding increases in the total valuation.

The significant unobservable input used in the fair value measurement of the Group's completed land and buildings is the capitalisation rate applied to earnings. A significant decrease/(increase) in the capitalisation rate would result in significantly higher/(lower) fair value measurement.

## 6. Property, Plant and Equipment

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| Opening balance | 40,459 | 16,064 |
| Additions | 24,423 | 26,030 |
| Acquisition through business combination | - | 173 |
| Depreciation | (761) | (564) |
| Disposals | (40) | (1,244) |
| **Total property, plant and equipment** | 64,081 | 40,459 |

As at 31 December 2023, property, plant and equipment includes work in progress of $26,054,000 (31 December 2022: $18,988,000, 30 June 2023: $31,635,000).

As at 31 December 2023, property, plant and equipment includes buildings of $27,792,000 (31 December 2022: $994,000, 30 June 2023: $5,078,000).

## 7. Intangible Assets

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| Opening balance | 2,479 | 123 |
| Acquisition through business combination | - | 2,875 |
| Amortisation | (283) | (519) |
| **Total intangible assets** | 2,196 | 2,479 |

## 8. Borrowings

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| MMLIC facility drawn down | 64,100 | - |
| Unamortised borrowings establishment costs | (785) | - |
| **Net borrowings** | 63,315 | - |
| Weighted average interest rate for drawn debt (inclusive of margins and line fees) | 10.64% | - |
| Weighted average term to maturity (years) | 3.98 | - |

On 14 December 2023, Lakeside Developments 2017 Limited (LDL, a 100% subsidiary company of the Company) entered into a debt facility with MMLIC for $80,000,000. The facility expires 14 December 2027. The MMLIC facility is secured by way of a general security deed provided by LDL and a registered mortgage security across the Lakeside development property.

## 9. Investor Returns and Investment Metrics

This section summarises the earnings per share which is a common investment metric.

### 9.1. Basic earnings per share

| | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| Profit after income tax ($000s) | 9,729 | 34,471 |
| Weighted average number of ordinary shares (shares) | 296,613,736 | 296,613,736 |
| **Basic earnings per share (cents)** | 3.28 | 11.62 |

# 9. Investor Returns and Investment Metrics (Continued)

## 9.2. Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Weighted average number of shares for the purpose of diluted earnings per share has been adjusted for 10,830,926 share options (31 December 2022: 10,859,222) issued under the Group's Share Option Plan as at 31 December less share options forfeited. This adjustment has been calculated using the treasury share method.

| | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| Profit after income tax ($000s) | 9,729 | 34,471 |
| Weighted average number of ordinary shares (shares) | 307,444,662 | 307,472,958 |
| **Diluted earnings per share (cents)** | 3.16 | 11.21 |

# 10. Other

## 10.1. Administrative expenses

| All VALUES IN $000'S | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| Auditors remuneration: | | |
| Audit of annual financial statements | (116) | (95) |
| Directors' fees | (217) | (233) |
| Employee benefits expense | (6,218) | (4,425) |
| Operating lease and rental payments | (145) | (147) |
| Other expenses | (4,623) | (4,036) |
| **Total administrative expenses** | (11,319) | (8,936) |

Ernst & Young (EY) were appointed as Auditors of the Company on 26 October 2022 replacing KPMG.

# 10. Other (Continued)

## 10.2. Taxation

### (i) Current taxation

| All VALUES IN $000'S | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| **Profit before income tax** | 13,558 | 48,897 |
| Prima facie income tax calculated at 28% | (3,796) | (13,691) |
| *Adjusted for:* | | |
| Prior period adjustment | 75 | 9 |
| Non-tax deductible revenue and expenses | (39) | (23) |
| Movement in temporary differences | 355 | 5,818 |
| Difference in tax rates | (42) | - |
| **Current taxation expense** | (3,447) | (7,887) |

### (ii) Deferred taxation

| All VALUES IN $000'S | AUDITED 30 JUNE 2023 AS AT | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 RECOGNISED IN PROFIT | UNAUDITED 31 DECEMBER 2023 AS AT |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Employee benefits | 288 | 68 | 356 |
| Accounts payable, accruals and other payables | 545 | (238) | 307 |
| Lease liability | 3,086 | (175) | 2,911 |
| Share-based payment reserve | 590 | 183 | 773 |
| **Gross deferred tax assets** | 4,509 | (162) | 4,347 |
| **Deferred tax liabilities** | | | |
| Accounts receivable, prepayments and other receivables | (108) | 139 | 31 |
| Right-of-use asset | 3,298 | (39) | 3,259 |
| Inventories | 11,463 | (667) | 10,796 |
| Intangible asset | 660 | (79) | 581 |
| Investment properties | 4,840 | 866 | 5,706 |
| **Gross deferred tax liabilities** | 20,153 | 220 | 20,373 |
| **Net deferred tax liability** | (15,644) | (382) | (16,026) |

Deferred taxation expense for the six months ended 31 December 2022 was $6,539,000.

## 10. Other (Continued)

### 10.3. Equity

#### (i) Capital and Reserves

| | UNAUDITED 31 DECEMBER 2023 SHARES '000S | UNAUDITED 31 DECEMBER 2023 $000'S | AUDITED 30 JUNE 2023 SHARES '000S | AUDITED 30 JUNE 2023 $000'S |
|---|---|---|---|---|
| Total shares issued and outstanding | 296,614 | 386,595 | 296,614 | 386,595 |

All shares on issue are fully paid, carry equal voting rights, share equally in dividends and any surplus on wind up and have no par value. All shares are recognised at the fair value of the consideration received by the Company.

#### (ii) Dividends

The following dividends were declared and paid by the Company during the six months ended 31 December:

| All VALUES IN $000'S | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| 1.0700 cents per qualifying ordinary share - 14/09/2022 | - | (3,174) |
| 2.1600 cents per qualifying ordinary share - 12/09/2023 | (6,407) | - |
| **Total dividends** | (6,407) | (3,174) |

### 10.4. Accounts receivable, prepayments and other receivables

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| Accounts receivable | 270 | 110 |
| Prepayments and other receivables | 9,915 | 6,763 |
| **Total accounts receivable, prepayments and other receivables** | 10,185 | 6,873 |

As at 31 December 2023, prepayments and other receivables includes retention monies held in accordance with the Construction Contracts Act of $3,630,000 (30 June 2023: $3,831,000).

### 10.5. Accounts payable, accruals and other payables

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| Accounts payable | 16,166 | 14,693 |
| Accruals and other payables in respect of inventories | 4,229 | 4,517 |
| Accruals and other payables | 1,832 | 10,930 |
| **Total accounts payable, accruals and other payables** | 22,227 | 30,140 |

## 10. Other (Continued)

### 10.6. Lease liabilities

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| Opening balance | 11,021 | 622 |
| Additions | - | 11,497 |
| Lease liability interest expense | 542 | 1,071 |
| Rent paid | (1,166) | (2,169) |
| **Total lease liabilities** | 10,397 | 11,021 |

### 10.7. Related party transactions

The transactions with related parties that were entered into during the six months ended 31 December, and the balances that arose from those transactions are shown below.

### Key management personnel remuneration

Key management personnel comprise members of the Board and members of the Senior Management Team.

| All VALUES IN $000'S | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| Employee benefits expense | 2,028 | 1,602 |
| Share-based payment expense | 669 | 611 |
| Executive Directors' fees | 82 | 80 |
| **Key management personnel remuneration** | 2,779 | 2,293 |

An Executive Director was granted 5,145,356 share options on 17 December 2021 with an exercise price of $3.8870 and a vesting date of 17 December 2031.

Senior Management Team were granted 4,244,910 share options on 17 December 2021 with an exercise price of $3.8870. Of these, 1,414,970 share options have a vesting date of 17 December 2025, 1,414,970 share options have a vesting date of 17 December 2028 and 1,414,970 share options have a vesting date of 17 December 2031.

# 10. Other (Continued)

## Transactions with related parties during the six months

| All VALUES IN $000'S | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2023 | UNAUDITED 6 MONTHS ENDED 31 DECEMBER 2022 |
|---|---|---|
| Key management personnel | 1,335 | 1,050 |
| Employees | 1,888 | - |
| **Revenue from contracts with related parties** | 3,223 | 1,050 |

As at 31 December, the Group has also entered into agreements for the sale of residential properties with Executive Directors for $18,852,000 (30 June 2023: $18,852,000), key management personnel for $928,000 (30 June 2023: $2,263,000) and employees for $3,243,000 (30 June 2023: $4,968,000) to be recognised as revenue in future years.

The Group's Directors are also Directors of other companies.

Julian Cook, an Executive Director is also a Director of WEL Networks Limited (WEL). During the six months ended 31 December 2023, the Group incurred $102,000 of development costs categorised as inventories (six months ended 31 December 2022: $336,000) from WEL. As at 31 December 2023 there was nil (30 June 2023: nil) owing to WEL and included in account payables, accruals and other payables. There were no other transactions between the Group and other companies to be disclosed.

Steven Joyce, an Independent Director is also a Director of Joyce Advisory Limited (JAS). During the six months ended 31 December 2023, the Group incurred $8,000 of professional fees categorised as administrative expenses (six months ended 31 December 2022: $37,000) from JAS. As at 31 December 2023 there was $3,000 (30 June 2023: $2,000) owing to JAS and included in account payables, accruals and other payables. There were no other transactions between the Group and other companies to be disclosed.

Some of the Directors and key management personnel are shareholders of the Company.

## 10.8. Capital and land development commitments

As at 31 December 2023, the Group had entered into contractual commitments for development expenditure and purchase of land. Development expenditure represents amounts contracted and forecast to be incurred in future years in accordance with the Group's development programme. Land purchases represent the amounts outstanding for the purchase of land. Joint venture capital commitment represents the Group's commitment to the Winton / MaxCap Medium Density Development Fund.

| All VALUES IN $000'S | UNAUDITED 31 DECEMBER 2023 | AUDITED 30 JUNE 2023 |
|---|---|---|
| Development expenditure | 61,707 | 53,636 |
| Land purchases | 49,716 | 55,116 |
| Joint venture capital commitment | 50,000 | 50,000 |
| **Total capital and land development commitments** | 161,423 | 158,752 |

## 10.9. Significant events after balance date

On 20 February 2024, the Board of Directors of the Company approved the payment of a net dividend of 0.550000 cents per share to be paid on 12 March 2024. The gross dividend (0.763889 cents per share) carries imputation credits of 0.213889 cents per share. The payment of this dividend will not have any tax consequences for the Group and no liability has been recognised in the Consolidated Statement of Financial Position as at 31 December 2023 in respect of this dividend.

## Independent auditor's review report to the shareholders Winton Land Limited

### Conclusion

We have reviewed the interim financial statements of Winton Land Limited ("the Company") and its subsidiaries (together "the Group") on pages 12 to 26 which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements on pages 12 to 26 of the Group do not present fairly, in all material respects the consolidated financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review 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 the Company's shareholders as a body, for our review procedures, for this report, or for the conclusion we have formed.

### Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company or any of its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

### Directors' responsibility for the interim financial statements

The directors are responsible, on behalf of the Entity, for the preparation and fair presentation of the interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Grant Taylor.

Ernst + Young

Chartered Accountants
Auckland
20 February 2024

# Directory

## Company

Winton Land Limited
NZCN 6310507
ARBN 655 601 568

## Board of Directors

Chris Meehan, Chairman
Michaela Meehan
Julian Cook
Glen Tupuhi
Guy Fergusson
Steven Joyce
James Kemp
Jelte Bakker (alternate for James Kemp)

## Senior Management Team

Chris Meehan, Chief Executive Officer
Simon Ash, Chief Operating Officer
Jean McMahon, Chief Financial Officer
Justine Hollows, General Manager Corporate Services
Duncan Elley, General Manager Project Delivery

## Company Secretary

Justine Hollows

## Registered Office

**New Zealand:**
Level 4, 10 Viaduct Harbour Avenue
Auckland 1010
New Zealand

**Australia:**
c/- Mills Oakley
Level 7, 151 Clarence Street
Sydney, NSW 2000
Australia

**Mailing Address and Contact Details**
P O Box 105526
Auckland 1143
New Zealand
Telephone: +64 9 377 7003
Website: www.winton.nz

## Auditor

Ernst & Young
2 Takutai Square
Auckland 1010
New Zealand

## Legal Advisors

**New Zealand:**
Chapman Tripp
Level 34, PwC Tower
15 Customs Street West
Auckland 1010
New Zealand

**Australia:**
Mills Oakley
Level 7, 151 Clarence Street
Sydney, NSW 2000
Australia

## Share Registry

Winton's share register is maintained by Link Market Services Limited. Link is your first point of contact for any queries regarding your investment in Winton. You can view your investment, indicate your preference for electronic communications, access and update your details and view information relating to dividends and transaction history at any time by visiting the Link Investor Centre at the addresses noted below.

## Registry

**New Zealand:**
Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
New Zealand
Telephone: +64 9 375 5998
Email: enquiries@linkmarketservices.co.nz
Website: www.linkmarketservices.co.nz

**Australia:**
Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000
Australia
Telephone: +61 1300 554 474
Email: enquiries@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

## Investors

investors@winton.nz


WINTON
ALTA VILLAS
WANAKA
WINTON.NZ