New Zealand Rural Land Company Limited and its subsidiaries

Interim Financial Statements
For the 6 months ended 30 June 2024

New Zealand Rural Land Company Limited and its subsidiaries
Directors' responsibility statement
For the 6 month period ended 30 June 2024

The directors are pleased to present the interim financial statements of New Zealand Rural Land Company Limited and its subsidiaries (the "Group") for the 6 month period ended 30 June 2024.

The Board of Directors of the Group authorised the financial statements for issue on 29 August 2024.

For and on behalf of the Board

Rob Campbell
Director

Sarah Kennedy
Director

New Zealand Rural Land Company Limited and its subsidiaries
Interim consolidated statement of comprehensive income
For the 6 month period ended 30 June 2024

	Notes	(Unaudited) 6 month period ended 30 June 2024 $'000	(Unaudited) 6 month period ended 30 June 2023 $'000
Rental income	7	9,099	6,851
Total rental income		**9,099**	**6,851**
Less overhead costs			
Directors fees		(114)	(114)
Insurance		(44)	(41)
Shareholder registry and communications		(34)	(58)
Management fees	15	(662)	(503)
Repairs and maintenance		(225)	(82)
Professional, consulting and listing fees		(370)	(234)
Settlement of convertible loan		(160)	-
Total overhead costs		**(1,609)**	**(1,032)**
Profit before net finance expense, other income and income tax		**7,490**	**5,819**
Finance income		1,421	926
Finance expense		(4,000)	(4,156)
Net finance expense	8	**(2,579)**	**(3,230)**
Profit before other income and income tax		**4,911**	**2,589**
Other income			
Change in fair value of investment properties	6	12,068	-
Movement in redeemable Limited Partnership units	4.1	(4,028)	-
		8,040	**-**
Profit before tax		**12,951**	**2,589**
Income tax expense	9	(567)	(97)
Profit and total comprehensive income for the period		**12,384**	**2,492**
		Cents	**Cents**
Basic and diluted earnings per share	17	**9.18**	**1.92**

These interim financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report and accompanying notes.

New Zealand Rural Land Company Limited and its subsidiaries
Interim consolidated statement of financial position
As at 30 June 2024

	Notes	(Unaudited) As at 30 June 2024 $'000	(Audited) As at 31 December 2023 $'000
Current assets			
Cash and cash equivalents		6,135	1,258
Trade and other receivables		1,164	378
Current tax receivable		4	7
Total current assets		**7,303**	**1,643**
Non-current assets			
Investment properties	6	393,806	346,281
Loan receivable	10	21,000	20,363
Deferred tax assets		831	1,398
Derivative assets	11	479	71
Other non-current assets		75	75
Total non-current assets		**416,191**	**368,188**
Total assets		**423,494**	**369,831**
Current liabilities			
Trade and other payables		4,861	1,090
Income in advance		408	-
Borrowings	12	75,500	29,500
Convertible loan	13	-	11,980
Other current liabilities		169	169
Total current liabilities		**80,938**	**42,739**
Non-current liabilities			
Borrowings	12	53,288	104,000
Redeemable Limited Partnership units	4.1	72,376	-
Total non-current liabilities		**125,664**	**104,000**
Total liabilities		**206,602**	**146,739**
Net assets		**216,892**	**223,092**
Share capital	14	158,242	157,419
Retained earnings		58,650	64,772
Share based payment reserve		-	901
Total equity		**216,892**	**223,092**
		$	**$**
Net Assets Value (NAV) per share	16.2	**1.5515**	**1.6016**
Net Tangible Assets (NTA) per share	16.2	**1.5421**	**1.5910**

New Zealand Rural Land Company Limited and its subsidiaries
Interim consolidated statement of changes in equity
For the 6 month period ended 30 June 2024

	Notes	Share capital	Share based payment reserve	Retained earnings	Total
		$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January 2023		**134,180**	**495**	**56,264**	**190,939**
Comprehensive income					
Profit for the period		-	-	2,492	2,492
Total comprehensive income		**-**	**-**	**2,492**	**2,492**
Transactions with shareholders					
Contributed capital	14	23,880	-	-	23,880
Transaction costs	14	(453)	-	-	(453)
Performance fee payable in ordinary shares		495	(495)	-	-
Dividends paid		-	-	(2,346)	(2,346)
Balance at 30 June 2023		**158,102**	**-**	**56,410**	**214,512**
Balance at 31 December 2023		**157,419**	**901**	**64,772**	**223,092**
Comprehensive income					
Profit for the period		-	-	12,384	12,384
Total comprehensive income		**-**	**-**	**12,384**	**12,384**
Transactions with shareholders					
Performance fee issued in ordinary shares		901	(901)	-	-
Share buy-backs	14	(56)	-	-	(56)
Transaction costs	14	(22)	-	-	(22)
Transaction costs (Land Trust)	4	-	-	(4,258)	(4,258)
Adjustment on recognition of redeemable LP units	4	-	-	(14,248)	(14,248)
Balance at 30 June 2024		**158,242**	**-**	**58,650**	**216,892**

New Zealand Rural Land Company Limited and its subsidiaries
Interim consolidated statement of cash flows
For the 6 months ended 30 June 2024

	Notes	(Unaudited) 6 month period ended 30 June 2024 $'000	(Unaudited) 6 month period ended 30 June 2023 $'000
Cash flows from operating activities			
Lease income received		8,912	7,240
Payments to suppliers		(13)	(150)
Management fees paid		(587)	(403)
Income taxes received/(paid)		3	(4)
Interest paid		(3,822)	(3,588)
Interest received		376	331
Net cash generated by operating activities		**4,869**	**3,426**
Cash flows from investing activities			
Payments for investment properties		(33,077)	(64,763)
Proceeds from disposals of assets		-	10
Net cash used in investing activities		**(33,077)**	**(64,753)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	23,875
Payments for share buy-backs	14	(56)	-
Payment of transaction costs		-	(347)
Payment of Land Trust transaction costs		(4,258)	-
Dividend paid		-	(2,346)
Proceeds from borrowings		24,483	30,500
Repayment of borrowings		(29,195)	(3,968)
Proceeds from redeemable Limited Partnership units	4.1	54,100	-
Proceeds from convertible loan	13	-	12,000
Repayment of convertible loan	13	(11,989)	(100)
Net cash generated by financing activities		**33,085**	**59,614**
Net increase/(decrease) in cash and cash equivalents		**4,877**	**(1,713)**
Cash and cash equivalents beginning of the period		1,258	1,942
Cash and cash equivalents at the end of the period		**6,135**	**229**

1 Reporting entity

The consolidated interim financial statements for New Zealand Rural Land Company Limited (the "Company" or "Parent" or "NZRLC") and its subsidiaries (the "Group") are for the economic entity comprising the Company and its subsidiaries. The Group's principal activity is investment in New Zealand rural farmland and forestry land.

The Company is incorporated in New Zealand and registered under the Companies Act 1993. The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The Company was incorporated on 11 September 2020 and is domiciled in New Zealand. The Company is listed on the New Zealand Stock Exchange (NZX Limited) with ordinary shares listed on the NZX Main Board. The address of the Company's registered office is 50 Customhouse Quay, Wellington Central, Wellington, New Zealand.

These interim financial statements are for the 6 month period ending 30 June 2024.

2 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties which are measured at fair value.

The financial statements do not contain all the disclosures normally included in an annual financial report and should be read in conjunction with the audited year ended 31 December 2023 consolidated financial statements.

The accounting policies and methods of computation in the most recent annual financial statements are followed in these interim financial statements.

These financial statements are presented in New Zealand dollars, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3 Critical accounting estimates and judgements

The preparation of these financial statements requires management to make estimates and assumptions. These affect the amounts of reported revenue and expense and the measurement of assets and liabilities. Actual results could differ from these estimates. The principal areas of judgement and estimation in these financial statements are:

- Limited Partnership establishment and associated transactions (note 4)
- Fair valuation of investment properties (note 6)
- Recognition of loan receivable (note 10)

4 Significant transaction - Limited Partnership establishment and associated transactions

In January 2024, the Company entered into an agreement to sell a 25% stake in its rural land portfolio to a group of investors in a Land Trust ("Land Trust") for $44.2 million.

The Company used $11.8 million of the proceeds to repay the convertible loan that it drew down in April 2023 to partially fund a forestry acquisition (refer to note 13). The balance of the funds have been used for land acquisitions or is held for future opportunities.

The investment was mechanised through the establishment of a limited partnership, the New Zealand Rural Land Limited Partnership (the "LP"). The portfolio of rural land assets and associated debt was transferred to the LP prior to Land Trust's investment. NZRLC's investment mandate continues in the LP with the same active strategy and manager (New Zealand Rural Land Management Limited Partnership).

The Company holds 75% of the partnership units and economic interest with Land Trust holding the other 25%. The LP is directed by New Zealand Rural Land Investment GP Limited (the "GP") with the Company and the Land Trust holding shares in the GP at the same proportion as their LP units.

The Company's directors represent the majority of the GP (75%) and can unilaterally direct disposals and subsequent acquisitions of properties for land individually up to $5 million. Furthermore, the Company has the ability to make some changes to lease agreements. The Company has concluded this provides it with sufficient power to direct the relevant activities of the LP and accordingly has concluded that it controls and will consolidate the LP.

4 Significant transaction - Limited Partnership establishment and associated transactions (continued)

In February 2030, the Land Trust has the option to offer to sell its units in the LP to the Company. If there has been a significant financial deterioration in the LP then that option can be exercised 2 years earlier. If the Company does not acquire the units, then Land Trust can sell those units to a third party. After a subsequent 6-month period if no third party has purchased the units for at least 98% of the value (determined based on independent asset valuations less associated debt) then Land Trust can require the LP to redeem the units. The Company and Land Trust will then agree which LP assets are to be sold to fund the redemption. No assets can be sold resulting in proceeds for less than 90% of their net asset value (determined using the most recent independent valuation reports).

The potential sale obligation for the LP to redeem Land Trust's units means the Group has classified Land Trust's interest in the LP as a financial liability (redeemable LP units in the Interim Consolidated Statement of Financial Position). The Group has initially and subsequently measured that liability based on the reporting date fair value, i.e. as if the redemption occurred at the reporting date. Movements in the liability are reported in other income in the Profit and Loss as movement in redeemable LP units.

The GP shareholder agreement requires profits (based on Adjusted Funds from Operations (AFFO)) to be distributed to the LP unit holders. Accordingly, Land Trust's share of the profits has been allocated to the redeemable units liability which is subsequently reduced as and when distributions are made (Refer to note 4.1).

During the period, a distribution of $875,000 was declared from the LP to the Land Trust.

4.1 Reconciliation of redeemable Limited Partnership units

	$'000
Balance as at 31 December 2023	-
Land Trust's share of the Limited Partnership's net assets at date of initial investment	58,443
Further contributions received from Land Trust	9,905
Revaluation movement	4,028
Balance as at 30 June 2024	**72,376**

4.2 Group composition

		Proportion of ownership	
		As at 30 June	As at 31 Dec
Entity name	**Nature of entity**	**2024**	**2023**
NZRLC Dairy Holdings Limited	Subsidiary - Intermediate holding company	100%	100%
NZ Rural Land Investments Limited Partnership	Subsidiary - Operating entity	75%	0%
NZ Rural Land Investments GP Limited	Subsidiary - General partner	75%	0%

5 Segment information

The Group operates in one business segment being New Zealand rural land.

Included in the Group's total rental income, more than 15% was received from three significant customers, Performance Dairy Limited, WHL Capital Limited, and New Zealand Forest Leasing (No.2) Limited. The total rental income derived in the 6 months ended 30 June 2024 from these customers was $1.460 million, $1.824 million and $2.521 million respectively (6 months ended 30 June 2023: $1.556 million, $1.824 million, and $1.050 million respectively). All three significant customers have contributed more than 15% of the Group's total rental income (6 months ended 30 June 2023: nil).

6 Investment properties

Investment property is property held either to earn rental income, for capital appreciation or for both.

Investment property is initially measured at cost and subsequently measured at fair value with any change recognised in profit or loss. Any gain or loss arising from a change in fair value is recognised in profit or loss. Initial direct costs incurred in negotiating and arranging operating leases and lease incentives granted are added to the carrying amount of the leased asset.

Property valuations are carried out at least annually by independent registered valuers. Valuations performed on the forestry estates are made and evaluated through discounted cash flows, with independent market inputs reviewed by independent valuers. During the 6 month period ended 30 June 2024 only two properties were revalued (Kiwi Crunch Orchard and Piripiri Forest), as stated in revaluation gain in the table below.

6 Investment properties (continued)

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in profit or loss in the year of derecognition.

Fair value of rural land investment properties:

As at 30 June 2024 (Unaudited)

Location	Land area Hectares	Opening balance $'000	Additions [1] $'000	Lease fee amortisation $'000	Capitalised lease incentive [2] $'000	Revaluation gain $'000	Carrying value $'000
Canterbury	6,332	133,116	3	(4)	(88)	-	133,027
Otago	3,992	79,298	-	(2)	-	-	79,296
Southland	1,386	44,166	4	(4)	(9)	-	44,157
Manawatū-Whanganui	4,768	89,701	14,278	(2)	-	8,051	112,028
Hawke's Bay	97	-	18,406	-	-	4,017	22,423
South Taranaki	686	-	2,316	-	-	-	2,316
Rangitikei Districts	195	-	559	-	-	-	559
	17,456	**346,281**	**35,566**	**(12)**	**(97)**	**12,068**	**393,806**

[1] Includes directly attributable acquisition costs.
[2] Net of amortisation.

In February 2024, the LP acquired apple and forestry land for a total of $27.6 million. The apple orchard land was approximately 97 hectares and will be leased to Kiwi Crunch for 30 years generating $1.4 million of income in year one of the lease agreement. The LP also acquired forestry land of approximately 1,119 hectares and will lease the land to New Zealand Forest Leasing Limited for a period of 16 years, generating $760k of income in year one of the lease agreement. Both purchases were funded 75% by Company funding and 25% contribution from Land Trust.

In June 2024, the LP acquired a 1,500 hectare forestry estate for $7.3 million. The purchase was funded 75% by the Company and 25% contribution from Land Trust.

As at 31 December 2023 (Audited)

Location	Land area Hectares	Opening balance $'000	Additions [1] $'000	Lease fee amortisation $'000	Capitalised lease incentive [2] $'000	Revaluation gain $'000	Carrying value $'000
Canterbury	6,332	140,887	277	(6)	(176)	(7,866)	133,116
Otago	3,992	80,786	-	(3)	-	(1,485)	79,298
Southland	1,386	45,687	9	(19)	(120)	(1,391)	44,166
Manawatū-Whanganui	3,044	-	71,573	(2)	-	18,130	89,701
	14,754	**267,360**	**71,859**	**(30)**	**(296)**	**7,388**	**346,281**

[1] Includes directly attributable acquisition costs.
[2] Net of amortisation.

6.1 Fair value measurement, valuation techniques and inputs

External, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued, value the Group’s investment property portfolio at least every 12 months. The fair values are 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.

The Group's investment properties were last independently valued at 31 December 2023. There have been no subsequent independent valuations in the period ended 30 June 2024. The revaluation gain of investment properties above as at 30 June 2024 was determined by utilising the same valuation methodology as used previously, but updating for market conditions.

6.1 Fair value measurement, valuation techniques and inputs (continued)

Investment properties are classified as level 3 (inputs are unobservable for the asset or liability) under the fair value hierarchy on the basis that adjustments must be made to observable data of similar properties to determine the fair value of an individual property. During the year there were no transfers of investment properties between levels of the fair value hierarchy.

The investment properties have been assessed on a fair value basis utilising the income approach for the Group's interest as lessor and a market approach to assess the reversionary value of the assets at the expiry of the current lease terms.

The net present value of the income provided under the lease agreements have been assessed to be, in some instances, at a premium to market leases. This results in the Group's interest assessment in the leases being greater than the current fair value for the asset on the basis of the fee simple valuation.

The valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used are as follows:

Key inputs used to measure fair value of pastoral:	**30 June 2024**	**31 Dec 2023**
Land growth rate	2.75%	2.75%
CPI	2.00%	2.00%
Discount rate	7.35%	7.35%
Terminal rate	6.85%	6.85%

Key inputs used to measure fair value of orchard assets:	**30 June 2024**	**31 Dec 2023***
Land growth rate	2.60%	N/A
CPI	2.20%	N/A
Discount rate	8.50%	N/A
Terminal rate	N/A	N/A

*The Group purchased their first orchard during the period ended 30 June 2024.

For the forestry assets, a market approach has been used to assess the reversionary value.

The valuation of the forestry assets has been assessed utilising the income approach for the Group's interest as a lessor and discounted post-lease cashflows. The value of the post lease period is based on estimated carbon production and carbon unit pricing.

Two forestry assets were acquired during the period ended 30 June 2024. The first asset was acquired as bare land with planting to be completed in 2024, and is leased to a third party until 2040. The second acquisition is an established forestry asset with areas still to be planted, leased to a third party with expiry in 2046.

The tenants of both sites have leased the land to derive income from either carbon or timber. It is assumed based on the current pricing and outlook that carbon will be the most likely income source, it is therefore assumed that the forests will not be harvested and will slowly revert to native forest.

The values adopted in these financial statements for the forestry assets are summarised as follows:

	Lease	**Post-lease**	**Total**
As at 30 June 2024	**$'000**	**$'000**	**$'000**
Block One	57,130	13,370	70,500
Block Two	5,001	14,200	19,201
Block Three	6,160	11,408	17,568
Block Four*	N/A	N/A	7,300
	68,291	**38,978**	**114,569**

	Lease	**Post-lease**	**Total**
As at 31 December 2023	**$'000**	**$'000**	**$'000**
Block One	57,130	13,370	70,500
Block Two	5,001	14,200	19,201
	62,131	**27,570**	**89,701**

*Block Four is measured at cost.

6.1 Fair value measurement, valuation techniques and inputs (continued)

The post lease valuation of the forestry assets has the following key inputs used to measure fair value:

	30 June 2024	31 Dec 2023
Discount rate	9.60%	9.60%
New Zealand Unit ("NZU") market price Jan 2040*	$206	N/A
Long term NZU price growth rate from 2031	2.10%	2.10%

*NZU pricing has been forecast and the mid-point is adopted for these purposes. These dates relate to the dates of the end of the five leases.

The current value is also driven by the volumes of estimated carbon sequestration over the life of the forest which has been modelled by external experts based on comparable properties and the I300 method which is used to express the productivity of a site in terms of volume growth for Pinus radiata. It is the mean annual volume increment in cubic metres per hectare of a 300 stem per hectare Radiata pine stand at age 30 years. As a measure of productivity used in modelling and forecasting tree growth and stand yield, it is relevant even where crops are not intended to be thinned to a stocking as low as 300 stems per hectare or grown to age 30.

6.2 Valuation methodology

		Measurement sensitivity	
Key valuation input	**Description**	**Increase in input**	**Decrease in input**
Land growth rate	The rate applied to the expected land value growth. Used in the income approach.	Increase	Decrease
CPI	The expected inflation increase applied to the lease income every three years. Used in the income approach.	Increase	Decrease
Discount rate	The rate applied to discount future cashflows, it reflects transactional evidence from similar types of property assets. Used in the income approach.	Decrease	Increase
Terminal rate	The rate used to assess the terminal value of the property. Used in the income approach.	Decrease	Increase
Market rental assessment	The valuer's assessment of the annual net market income per hectare attributable to the property. Used in the income approach.	Increase	Decrease
Forecast NZU prices	Value adopted by management based on advice from third parties.	Increase	Decrease

7 Rental income

Rental income is earned from investment property leased to clients under operating leases is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease, taking into account rent free periods. Where lease incentives are provided to customers, the cost of incentives are recognised over the lease term on a straight-line basis as a reduction to rental income.

	(Unaudited) 6 month period ended 30 June 2024 $'000	(Unaudited) 6 month period ended 30 June 2023 $'000
Gross lease receipts	9,314	7,340
Straight line rental adjustments	(11)	(109)
Revenue received in advance adjustments	(116)	(292)
Amortisation of capitalised lease incentives	(88)	(88)
Total rental income	**9,099**	**6,851**

8 Finance income and expense

Finance income includes interest income derived from financial assets and any fair value gain of derivative instruments. Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to its gross carrying amount.

8 Finance income and expense (continued)

Finance expense includes interest expense incurred on borrowings and any fair value loss on derivative instruments. Interest expense is recognised using the effective interest method.

	(Unaudited) 6 month period ended 30 June 2024 $'000	(Unaudited) 6 month period ended 30 June 2023 $'000
Finance income		
Interest income	972	926
Gain on fair value of derivative instruments	449	-
Finance expense		
Interest expense	(4,000)	(3,896)
Loss on fair value of derivative instruments	-	(260)
Net finance expense	**(2,579)**	**(3,230)**

9 Income taxes

	(Unaudited) 6 month period ended 30 June 2024 $'000	(Unaudited) 6 month period ended 30 June 2023 $'000
Deferred tax expense	567	97
Income tax expense / (benefit)	**567**	**97**
Reconciliation of income tax expense to prima facie tax payable:		
Profit before tax	12,951	2,589
Income tax expense calculated at 28%	3,626	725
Effect of expenses that are not deductible in determining taxable profit	-	32
Effect of income that is not assessable in determining taxable profit	(2,643)	-
Tax depreciation	(87)	(666)
Prior period adjustment	(329)	6
Income tax expense / (benefit)	**567**	**97**

10 Loan receivable

	(Unaudited) As at 30 June 2024 $'000	(Audited) As at 31 Dec 2023 $'000
Non-current:		
McNaughtons home block	7,274	6,943
Makikihi Farm	13,726	13,420
Total loan receivable	**21,000**	**20,363**

On 1 June 2021, the Group acquired land at 30 Cooneys Road, Morven (McNaughtons home block) for $5.4 million and simultaneously entered into a lease and a put and call agreement with Performance Dairy Limited (PDL), a related entity to the vendor. Under the call agreement, PDL can acquire the land on 31 May in any year (providing a minimum 90 days notice has been provided) from the Group for $5.4 million plus 10% interest compounding annually. Under the put agreement, from 1 June 2023 the Group can require PDL to acquire the land on 31 May any year under the same pricing mechanism and notice requirements. The put and call option has a 99 year life.

10 Loan receivable (continued)

On 2 August 2021, the Group acquired land at a North Canterbury Dairy Farm (Makikihi Farm) for $12 million and simultaneously entered into a lease and a put and call agreement with Makikihi Robotic Dairy Limited (MRDL), a related entity to the vendor. Under the call agreement, MRDL can acquire the land on 31 May in any year (providing a minimum 90 days notice has been provided) from the Group for 12 million plus 10% interest compounding annually. Under the put agreement, from 1 August 2023 the Group can require MRDL to acquire the land on 31 May any year under the same pricing mechanism and notice requirements. The put and call option has a 99 year life.

Key Judgement

The Group has determined that these arrangements have the substance of loans with 10% market interest rates per annum. The loans are secured by a General Security Deed and cross guarantee from certain tenant Group entities. The loan receivable balances have been considered and determined no impairment is required at reporting date.

11 Derivatives

Derivative financial instruments, comprising interest rate swaps are classified and measured at fair value through profit or loss ("FVTPL"). Changes in fair value of such derivatives and gains or losses on their settlement are recognised in the Interim Consolidated Statement of Comprehensive Income in finance income and expense.

	(Unaudited) As at 30 June 2024 $'000	(Audited) As at 31 Dec 2023 $'000
Derivative assets	479	71
	479	**71**

12 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently classified and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method (refer to note 8). Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

	(Unaudited) As at 30 June 2024 $'000	(Audited) As at 31 Dec 2023 $'000
Current:		
Rabobank facility	75,500	29,500
Non-current:		
Rabobank facility	53,288	104,000
Total borrowings	**128,788**	**133,500**

12.1 Rabobank facility

30 June 2024 (Unaudited)	Expiry date	Effective interest rate	Total facility $'000	Undrawn facility $'000	Drawn amount $'000
Bank facility A	1 Jun 2025	7.63%	46,000	-	46,000
Bank facility B	1 Sep 2024	7.48%	29,500	-	29,500
Bank facility C	1 Jun 2026	7.78%	29,500	4,712	24,788
Bank facility D	14 Apr 2026	7.75%	28,500	-	28,500
			133,500	**4,712**	**128,788**

12.1 Rabobank facility (continued)

31 December 2023 (Audited)	Expiry date	Effective interest rate	Total facility $'000	Undrawn facility $'000	Drawn amount $'000
Bank facility A	1 Jun 2025	7.60%	46,000	-	46,000
Bank facility B	1 Jun 2024	7.46%	29,500	-	29,500
Bank facility B	1 Jun 2026	7.76%	29,500	-	29,500
Bank facility C	14 Apr 2026	7.72%	28,500	-	28,500
			133,500	**-**	**133,500**

The Group has entered into a revolving credit facility agreement with Rabobank on 21 May 2021 and renewed on 14 April 2023. The facility agreement has a limit of $133,500,000 with floating interest rates ranging over the four tranches of the debt. Interest is payable quarterly in arrears. Tranche B was due to expire on the 1 June 2024 but has been extended to 1 September 2024 at the same terms.

There is a general security deed over all of the assets of the Group as security of the borrowings.

The terms of the borrowings include the following covenants that the Group must ensure at all times:

- Interest coverage ratio is greater than 2.0;
- Loan to valuation ratio does not exceed 40%; and
- Capital expenditure in each financial year shall not exceed 120% of the budgeted forecast capital expenditure.

The Group has complied with the financial covenants of its borrowing facilities during the 6 month period to June 2024.

The Group's interest cover ratio covenant is 1.6 for the period from 30 June 2023 to 31 December 2024 and 1.75 from 31 March 2025 onwards.

13 Convertible loan

On 14 April 2023, the Group entered into a convertible loan agreement with New Zealand Forest Leasing Limited. The convertible loan was for the face value of $12.360 million and was expected to be repaid within eighteen months from the date of the note being issued. The agreement required the Group to make quarterly interest payments based on the current outstanding principal amount, at 8% per annum.

In February 2024, NZRLC repaid the convertible loan using funds received from Land Trust (note 4). The convertible note was repaid in cash and did not convert to shares.

Current:	(Unaudited) As at 30 June 2024 $'000	(Audited) As at 31 Dec 2023 $'000
Convertible loan	-	11,980

14 Issued capital

Authorised and issued	$'000	No. of ordinary shares
Balance at 31 December 2022 (Audited)	**134,180**	**115,601,570**
Rights issue to existing shareholders	23,880	24,004,913
Performance fee issued in ordinary shares	495	299,844
Transaction costs arising on issue of shares	(453)	-
Balance at 30 June 2023 (Unaudited)	**158,102**	**139,906,327**
Share buy-backs	(530)	(611,327)
Transaction costs arising on issue of shares	(153)	-
Balance at 31 December 2023 (Audited)	**157,419**	**139,295,000**
Share buy-backs	(56)	(63,066)
Performance fee issued in ordinary shares	901	564,139
Transaction costs arising on issue and buy-back of shares	(22)	-
Balance at 30 June 2024 (Unaudited)	**158,242**	**139,796,073**

All shares have equal voting rights, participate equally in any dividend distribution or any surplus on the winding up of the Company. The shares have no par value.

15 Related parties

15.1 Remuneration of the Manager

The Group, in conjunction with Land Trust (note 4), has appointed an external manager, New Zealand Rural Land Management Limited Partnership through a signed management agreement. The Manager is responsible for all management functions of the Group, including:

- Providing administrative and general services;
- Sourcing and securing potential investors and communicating with investors;
- Sourcing opportunities for the sale and purchase of Land, and operators for lease agreements in respect of Land;
- Overseeing due diligence for and executing transactions for the sale and purchase, and leasing, of Land;
- Managing the Group's Property, including Land owned by the Group;
- Arranging regular valuations and audits of the Group; and
- Administering the payment of dividends and distributions in respect of the Group.

The Manager is remunerated via management fees, transaction fees and performance fees.

Fees paid and owing to the Manager:	(Unaudited) 6 month period ended 30 June 2024 Fees charged $'000	(Unaudited) 6 month period ended 30 June 2023 Fees charged $'000
Basic management services fee	662	503
Land transaction fees	327	878
Leasing fees	120	60
Transaction fee	869	-
Other	3	-
Total	**1,981**	**1,441**

Management fee
A monthly management fee is payable equal to 0.5% per annum of the Group's Net Asset Value, calculated on a monthly basis. The total management fees for the period ended 30 June 2024 were $0.662 million (six months ended 30 June 2023: $0.503 million).

Transaction fee
A fee is payable for the following transactions:

- For each purchase or sale of land, a fee equal to 1.25% of the acquisition or divestment cost of the land and improvements; and
- For each lease agreement entered into, a fee of $30,000.

Transaction fees incurred for the period ended 30 June 2024 were $0.327 million and $0.12 million (year period 30 June 2023: $0.878 million and $0.06 million) in relation to the purchase and lease fee components (respectively). The purchase fee for the comparable period was included in the initial carrying amount of the acquired investment property. The leasing fee for the comparative period has been added to the carrying value of the leased asset (being investment properties) as part of the initial direct costs of arranging the lease.

On 9 February 2024, Land Trust purchased a 25% equity stake in the LP. The Manager charged the Group 1.25% of the transaction price ($0.869 million) for the sale (refer to note 4).

Performance fee
A performance fee is payable to the Manager when the Group's net asset value ('NAV') per share exceeds the Group's NAV per share in the immediately preceding financial year. This annual performance fee is calculated as 10% of the increase in NAV per share and is settled through the issue of ordinary shares based on the NAV per share at that date. NAV per share is adjusted for the impact of capital reconstructions (such as a rights issue at a premium or discount), with the intention of the calculation being neither prejudicial nor advantageous to the Company or the Manager. Half of the ordinary shares issued are held in escrow and cannot be sold for 5 years. The performance fee in the financial year ended 31 December 2024 will be calculated after the financial year end. The shares will be issued to the Manager subsequent to balance date.

16 Non-GAAP measures

Non-GAAP measures do not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. These measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS.

16.1 Reconciliation of net profit after tax to adjusted funds from operations (AFFO)

Funds from operations ('FFO') is a non-GAAP financial measure that shows the Group's underlying and recurring earnings from its operations and is considered industry best practice for a property fund to enable investors to see the cash generating ability of the business. This is determined by adjusting statutory net profit (under NZ IFRS) for certain non-cash and other items. FFO has been determined based on guidelines established by the Property Council of Australia and is intended as a supplementary measure of operating performance. The Manager uses and considers Adjusted Funds From Operations ('AFFO') as a measure of operating cash flow generated from the business, after providing for all operating capital requirements including maintenance capital expenditure, tenant improvement works, incentives and leasing costs.

	Notes	(Unaudited) 6 month period ended 30 June 2024 $'000	(Unaudited) 6 month period ended 30 June 2023 $'000
Net profit after tax		**12,384**	**2,492**
Adjustments			
Unrealised net gain in value of investment properties	6	(12,068)	-
Unrealised movement in redeemable Limited Partnership units	4.1	4,028	-
Unrealised net (gain) / loss on derivatives	8	(449)	260
Deferred tax expense / (benefit)	9	567	97
Amortisation of rent free incentives	7	88	88
Amortisation of lease fee		14	25
Capitalised interest loan receivable	10	(633)	(595)
Funds from operations ('FFO')		**3,931**	**2,367**
FFO attributable to the Land Trust (cents)		869	-
FFO attributable to the Company (cents)		3,061	-
Company FFO per share (cents)		**2.19**	**1.69**
Adjustments			
Incentives and leasing costs		11	109
Future maintenance capital expenditure[1]		(355)	(332)
Adjusted funds from operations ('AFFO')		**3,587**	**2,144**
AFFO attributable to the Land Trust (cents)		872	-
AFFO attributable to the Company (cents)		2,715	-
Company AFFO per share (cents)		**1.94**	**1.53**

[1] Represents amounts set aside each financial period for future expected maintenance capital expenditure as considered prudent by the Manager. These amounts do not qualify for recognition as liabilities on the balance sheet under NZ GAAP.

16.2 Net assets per share and net tangible assets per share

The Group presents net assets per share and net tangible assets per share in these financial statements. The Group believes that these non-GAAP measures provide useful additional information to readers. Net tangible assets per share is a required disclosure under the NZX Listing Rules and net assets per share is a measure monitored by management and required for calculating the Manager's performance fee.

16.2 Net assets per share and net tangible assets per share (continued)

The calculation of the Group's net assets per share, net tangible assets per share, and its reconciliation to the Consolidated Statement of Financial Position is presented below:

	Notes	(Unaudited) As at 30 June 2024 $'000	(Audited) As at 31 Dec 2023 $'000
Total assets		423,494	369,831
(Less): Total liabilities		(206,602)	(146,739)
Net assets		**216,892**	**223,092**
(Less): Deferred tax asset		(831)	(1,398)
(Less): Derivative asset	11	(479)	(71)
Net tangible assets		**215,582**	**221,623**
Number of shares issued ('000)		**139,796**	**139,295**
Net assets per share ($)		**1.5515**	**1.6160**
Net tangible assets per share ($)		**1.5421**	**1.5910**

17 Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing profit after income tax attributable to shareholders by the weighted average number of shares on issue.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	(Unaudited) 6 month period ended 30 June 2024	(Unaudited) 6 month period ended 30 June 2023
Profit after income tax ($'000)	12,384	2,492
Weighted average number of shares for the purpose of basic and diluted EPS ('000)	134,861	129,699
Basic and diluted earnings per share (cents)	**9.18**	**1.92**

18 Contingent liabilities and contingent assets

There are no contingent liabilities or assets as at 30 June 2024 (30 June 2023: nil).

19 Capital commitments

The Group has no capital commitments as at 30 June 2024 (30 June 2023: nil).

20 Subsequent events

In August 2024, the LP entered into a sale and purchase agreement for an orchard in Roxburgh. Settlement is expected in November 2024. The LP also paid a distribution to the unit holders in August 2024 of $3.5 million.