

New Zealand Rural Land Company Limited and its subsidiaries

**Interim Consolidated Financial Statements
For the 6 months ended 30 June 2025**

New Zealand Rural Land Company Limited and its subsidiaries
Directors' responsibility statement
For the 6 month period ended 30 June 2025

The directors are pleased to present the interim consolidated financial statements of New Zealand Rural Land Company Limited and its subsidiaries (the "Group") for the 6 month period ended 30 June 2025.

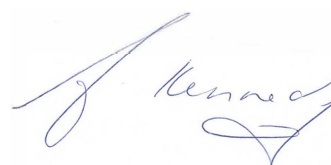
The Board of Directors of the Group authorised the financial statements for issue on 21 August 2025.

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 2025

		(Unaudited) 6 month period ended 30 June 2025 \$'000	(Unaudited) 6 month period ended 30 June 2024 \$'000
	Notes		
Rental income	6	10,931	9,099
Total rental income		10,931	9,099
Less overhead costs			
Directors fees		(114)	(114)
Insurance		(43)	(44)
Shareholder registry and communications		(46)	(34)
Management fees	14	(811)	(662)
Repairs and maintenance		-	(225)
Professional, consulting and listing fees		(931)	(370)
Settlement of convertible loan		-	(160)
Other expenses		(54)	-
Total overhead costs		(1,999)	(1,609)
Profit before net finance expense, other income and income tax		8,932	7,490
Finance income		1,153	1,421
Finance expense		(4,149)	(4,000)
Net finance expense	7	(2,996)	(2,579)
Profit before other income and income tax		5,936	4,911
Other income			
Change in fair value of investment properties	5	-	12,068
Movement in redeemable Limited Partnership units	12	(1,669)	(4,028)
Other income		52	-
		(1,617)	8,040
Profit before tax		4,319	12,951
Income tax expense	8	(841)	(567)
Profit and total comprehensive income for the period		3,478	12,384
		Cents	Cents
Basic and diluted earnings per share	16	2.42	9.18

New Zealand Rural Land Company Limited and its subsidiaries
Interim consolidated statement of financial position
As at 30 June 2025

		(Unaudited) As at 30 June 2025 \$'000	(Audited) As at 31 December 2024 \$'000
	Notes		
Current assets			
Cash and cash equivalents		3,671	5,520
Derivative assets	10	275	151
Trade and other receivables		2,006	1,769
Assets held for sale		-	11,355
Total current assets		5,952	18,795
Non-current assets			
Investment properties	5	416,736	400,448
Loan receivable	9	22,365	21,685
Deferred tax assets	8	-	552
Derivative assets	10	-	352
Other non-current assets		160	101
Total non-current assets		439,261	423,138
Total assets		445,213	441,933
Current liabilities			
Trade and other payables		2,087	3,157
Borrowings	11	57,633	47,101
Derivative liabilities	10	33	129
Other current liabilities		169	169
Total current liabilities		59,922	50,556
Non-current liabilities			
Borrowings	11	75,818	84,106
Deferred tax liabilities	8	288	-
Derivative liabilities	10	2,365	2,342
Redeemable Limited Partnership units	12	76,364	75,797
Total non-current liabilities		154,835	162,245
Total liabilities		214,757	212,801
Net assets		230,456	229,132
Share capital	13	163,205	161,068
Retained earnings		67,251	67,404
Share based payment reserve		-	660
Total equity		230,456	229,132
		\$	\$
Net Assets Value (NAV) per share	15.2	1.5891	1.6028
Net Tangible Assets (NTA) per share	15.2	1.6057	1.6127

New Zealand Rural Land Company Limited and its subsidiaries
Interim consolidated statement of changes in equity
For the 6 month period ended 30 June 2025

		Share capital	Share based payment reserve	Retained earnings	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2024		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	13	(56)	-	-	(56)
Transaction costs	13	(22)	-	-	(22)
Transaction costs (Land Trust)		-	-	(4,258)	(4,258)
Adjustment on recognition of redeemable LP units		-	-	(14,248)	(14,248)
Balance at 30 June 2024		158,242	-	58,650	216,892
Balance at 31 December 2024		161,068	660	67,404	229,132
Comprehensive income					
Profit for the period		-	-	3,478	3,478
Total comprehensive income		-	-	3,478	3,478
Transactions with shareholders					
Performance fee issued in ordinary shares		660	(660)	-	-
Dividends paid		-	-	(3,631)	(3,631)
Dividends reinvestment plan issued		1,477	-	-	1,477
Balance at 30 June 2025		163,205	-	67,251	230,456

New Zealand Rural Land Company Limited and its subsidiaries
Interim consolidated statement of cash flows
For the 6 months ended 30 June 2025

		(Unaudited) 6 month period ended 30 June 2025 \$'000	(Unaudited) 6 month period ended 30 June 2024 \$'000
	Notes		
Cash flows from operating activities			
Lease income received		11,646	8,912
Payments to suppliers		(2,765)	(13)
Management fees paid		(693)	(587)
Income taxes received		(1)	3
Interest paid		(4,162)	(3,822)
Interest received		189	376
Net cash generated by operating activities		4,214	4,869
Cash flows from investing activities			
Payments for investment properties		(5,606)	(33,077)
Proceeds from disposals of assets		555	-
Net cash used in investing activities		(5,051)	(33,077)
Cash flows from financing activities			
Payments for share buy-backs	13	-	(56)
Payment of Land Trust transaction costs		-	(4,258)
Dividends paid (net of reinvestments)		(3,842)	-
Proceeds from borrowings		2,612	24,483
Repayment of borrowings		(368)	(29,195)
Proceeds from redeemable Limited Partnership units	12	586	54,100
Repayment of convertible loan		-	(11,989)
Net cash generated by financing activities		(1,012)	33,085
Net (decrease)/increase in cash and cash equivalents		(1,849)	4,877
Cash and cash equivalents beginning of the period		5,520	1,258
Cash and cash equivalents at the end of the period		3,671	6,135

New Zealand Rural Land Company Limited and its subsidiaries

Notes to the interim consolidated financial statements

For the 6 month period ended 30 June 2025

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 2025.

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 2024 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:

- Fair valuation of investment properties (note 5)
- Recognition of loan receivable (note 9)

4 Segment information

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

Included in the Group's total rental income, more than 10% was received from the below significant customers. The total rental income derived from these customers are as follows:

	6 month period ended 30 June 2025		6 month period ended 30 June 2024	
	\$'000	%	\$'000	%
WHL Capital Limited	2,968	27.16%	1,824	20.04%
New Zealand Forest Leasing (No.2) Limited	2,593	23.73%	2,521	27.70%

New Zealand Rural Land Company Limited and its subsidiaries
Notes to the interim consolidated financial statements
For the 6 month period ended 30 June 2025

5 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.

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.

During the 6 month period ended 30 June 2025, no properties were revalued.

Fair value of rural land investment properties:

As at 30 June 2025 (Unaudited)

Location	Land area Hectares	Opening balance	Additions ¹	Disposals	Lease fee amortisation	Capitalised lease incentive ²	Revaluation gain	Carrying value
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Canterbury	6,066	127,944	16,343	-	(5)	(88)	-	144,194
Otago	4,039	85,800	614	-	(2)	-	-	86,412
Southland	1,386	43,300	-	-	(4)	(13)	-	43,283
Manawatū-Whanganui	4,607	114,000	-	(555)	(4)	-	-	113,441
Hawke's Bay	97	24,301	2	-	-	-	-	24,303
South Taranaki	686	4,112	-	-	-	-	-	4,112
Rangitikei Districts	195	991	-	-	-	-	-	991
	17,076	400,448	16,959	(555)	(15)	(101)	-	416,736

¹ Includes directly attributable acquisition costs.

² Net of amortisation.

In December 2024, the Group entered into a conditional agreement with a tenant which involves the acquisition of land in exchange for transfer of property held for sale and cash. This agreement was settled in March 2025 as follows:

- The Group acquired farm land in Canterbury valued at \$15.5 million. The farm land was approximately 304 hectares and will be leased to Spreadeagle Dairies Limited for 14 years, generating \$0.9 million of income in year one of the lease agreement.
- As part of the settlement, the LP have sold farm land of approximately 420 hectares valued at \$10.9 million. This farm land was classified as assets held for sale in the consolidated financial statements for the year ended 31 December 2024.
- The remaining settlement was funded 75% by the Company and 25% contributions from Land Trust.
- A call option will be granted by the Group to the tenant such that it can purchase the land of the transferred leases for approximately their current value. The option can be exercised on or before May 2027. This call option relates to properties that have an accumulated value of \$60 million (investment properties). Management do not believe that it is highly probable that the call option will be exercised within the next 12 months and therefore have not treated the properties as held for sale.
- The Group committed to capital projects of \$2 million on land leased to the tenant. The completion of these projects will result in a corresponding uplift in the lease payments.

In January 2025, the LP sold a portion of existing farm land in Manawatū-Whanganui for \$0.5 million. The settlement was completed in February 2025.

New Zealand Rural Land Company Limited and its subsidiaries
Notes to the interim consolidated financial statements
For the 6 month period ended 30 June 2025

5 Investment properties (continued)

As at 31 December 2024 (Audited)

Location	Land area Hectares	Opening	Additions ¹	Reclassifications ²	Lease fee	Capitalised	Revaluation	Carrying
		balance	\$'000	\$'000	amortisation	lease	(loss) / gain	value
		\$'000	\$'000	\$'000	\$'000	incentive ³	\$'000	\$'000
Canterbury	5,912	133,116	51	(11,355)	(8)	(177)	6,317	127,944
Otago	4,039	79,298	6,134	-	(4)	-	372	85,800
Southland	1,386	44,166	58	-	(9)	(26)	(889)	43,300
Manawatū-Whanganui	4,768	89,701	14,356	-	(6)	-	9,949	114,000
Hawke's Bay	97	-	18,417	-	-	-	5,884	24,301
South Taranaki	686	-	2,318	-	-	-	1,794	4,112
Rangitikei Districts	195	-	559	-	-	-	432	991
	17,083	346,281	41,893	(11,355)	(27)	(203)	23,859	400,448

¹ Includes directly attributable acquisition costs.

² \$11.4 million of investment properties in Canterbury were reclassified as assets held for sale.

³ Net of amortisation.

6 Rental income

Rental income is earned from investment property leased to clients under operating leases and 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 2025 \$'000	(Unaudited) 6 month period ended 30 June 2024 \$'000
Gross lease receipts	11,062	9,314
Straight line rental adjustments	(11)	(11)
Revenue received in advance adjustments	(32)	(116)
Amortisation of capitalised lease incentives	(88)	(88)
Total rental income	10,931	9,099

7 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.

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 2025 \$'000	(Unaudited) 6 month period ended 30 June 2024 \$'000
Finance income		
Interest income	1,124	972
Gain on fair value of derivative instruments	29	449
Finance expense		
Interest expense	(3,965)	(4,000)
Loss on fair value of derivative instruments	(184)	-
Net finance expense	(2,996)	(2,579)

New Zealand Rural Land Company Limited and its subsidiaries
Notes to the interim consolidated financial statements
For the 6 month period ended 30 June 2025

8 Income taxes

	(Unaudited) 6 month period ended 30 June 2025 \$'000	(Unaudited) 6 month period ended 30 June 2024 \$'000
Current tax expense	-	-
Deferred tax expense	841	567
Income tax expense	841	567

Reconciliation of income tax expense to prima facie tax payable:

Profit before tax	4,319	12,951
Income tax expense calculated at 28%	1,209	3,626
Effect of expenses that are not deductible in determining taxable profit	469	-
Effect of income that is not assessable in determining taxable profit	-	(2,643)
Tax depreciation	(509)	(87)
Gain on sale of fixed assets	15	-
Prior period adjustment	-	(329)
Portion of taxable profits attributable to the Land Trust	(344)	-
Income tax expense	841	567

9 Loan receivable

	(Unaudited) As at 30 Jun 2025 \$'000	(Audited) As at 31 Dec 2024 \$'000
Non-current:		
McNaughtons home block	7,991	7,632
Makikihi Farm	14,374	14,053
Total loan receivable	22,365	21,685

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.

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 (4.66% interest compounding annually and the remaining 5.33% is paid out). 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.

10 Derivatives

Derivative financial instruments, comprising interest rate swaps and milk 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 Jun 2025 \$'000	(Audited) As at 31 Dec 2024 \$'000
Derivative assets	275	503
Derivative liabilities	(2,398)	-
	(2,123)	503

New Zealand Rural Land Company Limited and its subsidiaries
Notes to the interim consolidated financial statements
For the 6 month period ended 30 June 2025

11 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 7). 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.

On 17 December 2024, the Group entered into a syndicated loan facility agreement with Coöperatieve RaboBank U.A. New Zealand Branch ("Rabobank") and Bank of China (New Zealand) Limited ("Bank of China") credit facility agreement with Rabobank on 17 December 2024. The facility agreement has a limit of \$140,000,000 with floating interest rates ranging over the four bank facilities. Interest is payable quarterly in arrears. Bank facility A was due to expire on the 1 June 2025 but has been extended to 1 June 2028 on the same terms. During the period, the Group made a partial principal repayment of bank facility D.

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 2025.

The Group's interest cover ratio covenant was 1.75 for the period 1 January 2025 to 30 March 2025 and 2.0 from 31 March 2025 onwards.

	(Unaudited) As at 30 Jun 2025 \$'000	(Audited) As at 31 Dec 2024 \$'000
Current:		
Rabobank facility	39,111	31,761
Bank of China facility	18,522	15,340
Total current borrowings	57,633	47,101
Non-current:		
Rabobank facility	51,445	57,272
Bank of China facility	24,373	26,834
Total non-current borrowings	75,818	84,106
Total borrowings	133,451	131,207

	Expiry date	Effective interest rate	Total facility \$'000	Undrawn facility \$'000	Drawn amount \$'000
30 June 2025 (Unaudited)					
Bank facility A	1 June 2028	5.12%	46,000	-	46,000
Bank facility B	20 Dec 2027	5.11%	36,000	6,182	29,818
Bank facility C	1 Jun 2026	5.29%	29,500	-	29,500
Bank facility D	14 Apr 2026	5.25%	28,133	-	28,133
			139,633	6,182	133,451

	Expiry date	Effective interest rate	Total facility \$'000	Undrawn facility \$'000	Drawn amount \$'000
31 December 2024 (Audited)					
Bank facility A	1 Jun 2025	6.21%	46,000	-	46,000
Bank facility B	20 Dec 2027	6.16%	36,000	8,793	27,207
Bank facility C	1 Jun 2026	6.34%	29,500	-	29,500
Bank facility D	14 Apr 2026	6.33%	28,500	-	28,500
			140,000	8,793	131,207

New Zealand Rural Land Company Limited and its subsidiaries
Notes to the interim consolidated financial statements
For the 6 month period ended 30 June 2025

12 Reconciliation of redeemable Limited Partnership units

	\$'000
Balance as at 31 December 2024	75,797
Distribution to Land Trust	(1,688)
Further contributions received from Land Trust	586
Revaluation movement	1,669
Balance as at 30 June 2025	76,364

13 Issued capital

	\$'000	No. of ordinary shares
Authorised and issued		
Balance at 31 December 2023 (Audited)	157,419	139,295,000
Share buy-backs	(56)	(53,084)
Performance fee issued in ordinary shares	901	564,139
Transaction costs arising on issue of shares	(22)	-
Balance at 30 June 2024 (Unaudited)	158,242	139,806,055
Issue of shares for apple orchard acquisition	2,038	2,215,190
Dividend reinvestment	851	967,556
Share buy-backs	(21)	(35,000)
Transaction costs arising on issue of shares	(1)	-
Other	(41)	-
Balance at 31 December 2024 (Audited)	161,068	142,953,801
Dividend reinvestment	1,477	1,659,151
Performance fee issued in ordinary shares	660	411,772
Balance at 30 June 2025 (Unaudited)	163,205	145,024,724

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.

14 Related parties

14.1 Group composition

Entity name	Nature of entity	Proportion of ownership	
		As at 30 Jun 2025	As at 31 Dec 2024
NZRLC Dairy Holdings Limited	Subsidiary - Intermediate holding company	100%	100%
SSP NI Limited	Subsidiary - Intermediate holding company	100%	100%
NZ Rural Land Investments Limited Partnership	Subsidiary - Operating entity	75%	75%
NZ Rural Land Investments GP Limited	Subsidiary - General partner	75%	75%

14.2 Remuneration of the Manager

The Group, in conjunction with Land Trust, 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.

New Zealand Rural Land Company Limited and its subsidiaries
Notes to the interim consolidated financial statements
For the 6 month period ended 30 June 2025

14.2 Remuneration of the Manager (continued)

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

	(Unaudited) 6 month period ended 30 June 2025	(Unaudited) 6 month period ended 30 June 2024
	Fees charged \$'000	Fees charged \$'000
Fees paid and owing to the Manager:		
Basic management services fee	811	662
Land transaction fees	145	327
Leasing fees	30	120
Transaction fee	-	869
Other	3	3
Total	989	1,981

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 2025 were \$0.811 million (six months ended 30 June 2024: \$0.662 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 2025 were \$0.145 million and \$0.03 million (year period 30 June 2024: \$0.327 million and \$0.12 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.

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 2025 will be calculated after the financial year end. The shares will be issued to the Manager subsequent to balance date.

15 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.

15.1 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.

New Zealand Rural Land Company Limited and its subsidiaries
Notes to the interim consolidated financial statements
For the 6 month period ended 30 June 2025

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

		(Unaudited) 6 month period ended 30 June 2025	(Unaudited) 6 month period ended 30 June 2024
	Notes	\$'000	\$'000
Net profit after tax		3,478	12,384
Adjustments			
Unrealised net gain in value of investment properties	5	-	(12,068)
Unrealised movement in redeemable Limited Partnership units	12	1,669	4,028
Unrealised net loss/(gain) on derivatives	7	160	(449)
Deferred tax expense	8	841	567
Revaluation of carbon credits		(57)	-
Amortisation of rent free incentives	6	88	88
Amortisation of lease fee		18	14
Capitalised interest loan receivable		(680)	(633)
Funds from operations ('FFO')		5,517	3,931
FFO attributable to the Land Trust		1,550	869
FFO attributable to the Company		3,967	3,061
Company FFO per share (cents)		2.74	2.19
Adjustments			
Incentives and leasing costs		11	11
Future maintenance capital expenditure ¹		(86)	(355)
Adjusted funds from operations ('AFFO')		5,442	3,587
AFFO attributable to the Land Trust		1,531	872
AFFO attributable to the Company		3,911	2,715
Company AFFO per share (cents)		2.70	1.94

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.

15.2 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.

New Zealand Rural Land Company Limited and its subsidiaries
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15.2 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:

		(Unaudited) As at 30 June 2025 \$'000	(Audited) As at 31 Dec 2024 \$'000
	Notes		
Total assets		445,213	441,933
(Less): Total liabilities		(214,757)	(212,801)
Net assets		230,456	229,132
(Less): Deferred tax asset		-	(552)
Add: Deferred tax liabilities		288	-
Add: Derivative liabilities		2,398	2,471
(Less): Derivative asset	10	(275)	(503)
Net tangible assets		232,867	230,548
Number of shares issued ('000)		145,025	142,954
Net assets per share (\$)		1.5891	1.6028
Net tangible assets per share (\$)		1.6057	1.6127

16 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 2025	(Unaudited) 6 month period ended 30 June 2024
Profit after income tax (\$'000)	3,478	12,384
Weighted average number of shares for the purpose of basic and diluted EPS ('000)	143,720	134,861
Basic and diluted earnings per share (cents)	2.42	9.18

17 Contingent liabilities and contingent assets

There are no contingent liabilities or assets as at 30 June 2025 (30 June 2024: nil).

18 Capital commitments

The Group has no capital commitments as at 30 June 2025 (30 June 2024: nil).

19 Subsequent events

There were no events after the balance sheet date that impact the financial statements at the date these financial statements were issued.