



## ANNUAL REPORT 2024



## CONTENTS

Executive Chairman's Report	1
Farming Review	3
Farm Property Schedule and Location Map	6
Financial Statements	7
Auditor's Report	20
Director Profiles	22
Additional Disclosures	23
Shareholder Information	24
Corporate Governance	24
Directory	IBC



*A hive of activity – Flimby*

# NOTICE OF ANNUAL SHAREHOLDERS' MEETING

Notice is given that the Annual Shareholders' Meeting of Rural Equities Limited will be held in the The Annex, The George Hotel, 50 Park Terrace, Christchurch on Monday 9 December 2024 at 9.30 am.

## ORDINARY BUSINESS

1. To receive and consider the Company's financial statements for the year ending 30 June 2024 with the reports of the Directors and the Auditor.
2. To re-elect a Director. In accordance with clause 13.8 of the Company's constitution, David Cushing retires by rotation and is seeking re-election.
3. To authorise the Directors to fix the remuneration of the Auditor for the ensuing year.

## GENERAL BUSINESS

The Chairman will invite shareholders to raise any other issues relating to the Company for discussion.

## NOTES

1. All Shareholders are entitled to attend and vote at the Meeting.
2. Any Shareholder entitled to attend and vote at the Meeting may appoint another person or persons as their proxy or, in the case of corporate shareholders, a representative to attend and vote on their behalf. A proxy or representative need not be a shareholder of the Company.
3. A proxy form is enclosed with this notice. The constitution of the Company requires, so as to be valid, that any proxy form must be deposited at the registered office of the Company (127 Queen Street East, Hastings 4122 or PO Box 783, Hastings 4156) to be received not less than 48 hours before the commencement of the Meeting.

James Wright  
CHIEF OPERATING OFFICER

## INVITATION

The Directors invite Shareholders to join them for morning tea at the conclusion of the Meeting.

## Executive Chairman's Report

### THE YEAR IN REVIEW

The Directors of Rural Equities Limited (REL) are pleased to present the 2024 Annual Report for the REL Group (the Group).

The Group's audited Total Comprehensive Income for the year ended 30 June 2024 was \$2.760 million. This compares with \$719,000 recorded the previous year.

Important features of the year were:

- The Group's operating earnings before interest and tax were \$7.681 million.
- Net Asset Value per share (NAV) at 30 June 2024 was \$6.62 a six cent reduction on last year's NAV of \$6.68.
- The Group has no bank debt and held cash and short term investments of \$11.537 million as at 30 June 2024.
- The Group's property portfolio reduced in value by \$4.601 million compared to a reduction of \$7.123 million last year.
- The Group's equity investment portfolio increased by \$1.701 million, similar to last year's increase in value of \$1.831 million.
- The Group's six dairy farms produced 2.198 million kilograms of milk solids.
- A fully imputed dividend of 17 cents per share was paid on 16 October 2024.

REL's operating earnings before interest and tax (EBIT) for the year ended 30 June 2024 were \$7.681 million compared to last year's EBIT of \$8.131 million. Operating earnings after tax for the year ended 30 June 2024 were \$5.665 million which equates to earnings of 19.9 cents per share. The Directors are pleased with the quality of operating earnings in a difficult market with reduced commodity prices and an increase in farm operating costs.



*Rollesby*



*Dairy cows – Shenstone*

During the year there was a reduction in the value of the Group's property portfolio of \$4.601 million compared to a reduction of \$7.123 million last year. In contrast, the revaluation of the Group's equity investment portfolio saw an increase of \$1.701 million compared to an increase of \$1.831 million last year, again demonstrating the continuing benefit of REL's diversified investment strategy.

The Group's six dairy farms performed well producing 2.198 million kilograms of milk solids. The five South Island dairy farms were positively impacted by favourable weather conditions and irrigation in Canterbury which provided good pasture growth, whereas Peshurst in the Manawatu had a difficult and dry season. In the sheep and beef sector livestock prices generally remained at low levels. Climatic conditions were favourable overall for the Group's sheep and beef properties, Waikoha in Waikato and Middle Hills in Hawke's Bay, however profitability was again hampered by low sheep prices and elevated essential farm expenses.

Fonterra's final milk price for the season ended 31 May 2024 was \$7.83 per kilogram of milk solids, a decrease of \$0.39 on the \$8.22 paid last season. Synlait also paid \$7.83 per kilogram (\$8.22 last season). As in prior years, premiums in addition to the Farmgate Milk Price were received from Synlait for a2 milk and for Lead With Pride accreditation. International dairy prices have generally risen since July 2023. Global demand for dairy products has improved with world demand improving in relation to supply which is currently constricted. Economic conditions in China, which is New Zealand's main dairy market, are showing little sign of overall improvement.

REL's net asset value per share as at 30 June 2024 was \$6.62 compared to \$6.68 last year. REL is in a strong

financial position with total assets of \$192.532 million at 30 June 2024 and no debt. The Group's cash and short term investments of \$11.537 million at 30 June 2024 are similar to \$11.535 million as at 30 June 2023.

### ASSET PORTFOLIO

There were no changes to the rural property portfolio during the financial year – details of the Group's 15 farms are set out on page 6 of this report.

Forest planting has continued at Waikoha with approximately 30 hectares planted in the 2024 winter. It is pleasing to see income from carbon credits from the forest starting to be received.

The Directors are pleased with the Group's equity investment portfolio. Global equity markets have performed strongly while New Zealand's market has been more tempered. As at 30 June 2024 the Group equity investments were \$31.415 million which represents 16% of the Group's total assets. It is intended to maintain the current portfolio and where appropriate accumulate other equities over the long term for dividend yield and capital growth and to provide further diversification alongside the Group's core rural property portfolio.



*Deer grazing at Marchfield*



*Rocklea in winter*

### DIVIDEND

The Directors declared a fully imputed dividend of 17 cents per share. The dividend was paid to shareholders on 16 October 2024.

### DIRECTORS

In accordance with REL's constitution David Cushing retires by rotation at this year's Annual Shareholders' Meeting on 9 December 2024 and is seeking re-election.

### SUMMARY AND OUTLOOK

The Directors are of the view that the rural property market will continue to be subdued in the year ahead, however the recent lift in both Fonterra's and Synlait's Farmgate Milk Price forecast will be beneficial.

REL is a long-term investor, and the Directors are pleased with the quality of its rural property and equity investment portfolio and REL's strong financial position.

David Cushing  
EXECUTIVE CHAIRMAN

## Farming Review

### SCOPE OF OPERATIONS

REL is a company which primarily invests in and manages rural property for long term capital growth and income. REL owns fifteen farms comprising 6,693 hectares. The farms are a mix of sheep and beef, deer, dairy and arable farms that are spread throughout New Zealand from Waikato to Southland. There are ten properties in the South Island and five in the North Island. Six farms (2,051 hectares) are leased to external operators and the other nine farms (4,642 hectares) are directly managed.

Six of the directly managed farms are dairy farms comprising 1,504 hectares and approximately 5,000 cows are milked in conjunction with 50-50 sharemilkers. There is one dairy grazing property in Canterbury. The other directly managed properties are two sheep and beef properties in Waikato and Hawke's Bay. These two farms comprise 3,055 hectares and run approximately 16,500 stock units with approximately 440 hectares of forestry.

### FARMED PROPERTIES

The directly managed farms made an important contribution to profit of \$4.892 million in the year to 30 June 2024. This is \$335,000 (6.4%) lower than last year, primarily due to low sheep prices and a reduced Farmgate Milk Price. Total milk production from the six dairy farms was 2.198 million kilograms of milk solids. The lower milk price however, meant the profit contribution from those farms reduced accordingly. All dairy farms, apart from Penshurst in Manawatu, experienced a favourable season with higher milk production than the previous year. Difficult dry conditions in the second half of the season at Penshurst significantly impacted milk production from that farm and necessitated the use of additional supplementary feed.

Farmgate Milk Prices paid by both Fonterra and Synlait reduced from \$8.22 per kilogram of milk solids to \$7.83. The sheep and beef farm result was lower than last year due to falling livestock values, particularly sheep, driven by lower meat schedules. Income from carbon credits is now being received and is a significant contributor, helping to offset lower profitability on the sheep and beef farms. Farm operating costs were lower than the previous year across all farms due to cost reductions, lower fertiliser applications and other efficiencies. The sheep and beef farms had a favourable season, which allowed stock to be finished and sold at or above target weights.

Sheep and beef livestock prices were generally at or below five-year average levels for the whole year, reflecting low export meat schedule values. The lamb and mutton schedules were proportionately lower than the prime and bull beef schedules in response to stubbornly low global demand for protein, particularly from China. Improved

market conditions in USA and a shortage of killable cattle in New Zealand provided some stimulus to beef prices and schedules late in the season. Wool prices generally remain at historically low levels and continue to fall well short of the cost of shearing. The continuing low wool prices, with little prospect of any improvement, when combined with the increasing cost of shearing and overall low farm profitability, makes farming woolled sheep on our farms unsustainable. The transition to Wiltshire sheep that do not require shearing has progressed over the last two years. These sheep are more resistant to internal parasites meaning less drenching, do not require dagging or crutching, produce similar numbers of lambs and convert pasture to meat protein more efficiently than traditional woolled sheep. This breed does grow a short fleece which is shed without shearing, however other breeds with suitable genetics which have no fleece may be considered in time as they become commercially available in New Zealand.

Shelter planting with mixed native species and some ornamental trees is an ongoing programme particularly on the irrigated Canterbury dairy farms, where historically trees were cleared to facilitate centre pivot irrigators. The trees are for stock shelter, shade, aesthetic purposes and provide tidy and welcoming farm entrances and dairy shed surrounds. The trees planted on the four Canterbury dairy farms are predominantly natives which are low growing or can be trimmed to allow centre pivot irrigators to pass over them, yet still provide meaningful shade and shelter for the cows. Ongoing forestry as well as poplar poles for erosion prevention and native plantings continued at Waikoha.

### DAIRY FARMS

There are four sharemilked dairy farms in Canterbury, and one each in Southland and Manawatu. This season 2.198 million kilograms of milk solids were supplied to Fonterra and Synlait from the six dairy farms. Last year 2.310 million kilograms of milk solids were produced from seven



*Milking time – Isleworth*

dairy farms which included the smaller Tatarepo farm in Southland that was sold in June 2023. The remaining six farms collectively increased milk production by 72,000 kilograms of milk solids (3.4%) above the 2022-23 season. The season was generally favourable for the dairy farms, however very dry conditions from January through to the end of the season in Manawatu necessitated feeding additional supplementary feed and drying cows off early at Peshurst, with a corresponding impact on milk production.

The Isleworth dairy farm which was purchased on 1 June 2022 performed very well in its second season. Infrastructure improvements made in the first season, including an additional house, more grain storage and irrigation improvements have proved beneficial.

Milk prices for the 2023-24 season were \$7.83 from both Fonterra and Synlait which is \$0.39 less than the milk price of \$8.22 per kilogram of milk solids paid in the 2022-23 season. Premiums from Synlait for a2 milk (20 cents) and Lead With Pride accreditation (up to a further 20 cents) totalling up to 40 cents per kilograms of milk solids were received in addition to the Farmgate Milk Price for the four Canterbury dairy farms.

For the new dairy season ending 31 May 2025 there is a stronger outlook with a current forecast milk price from Fonterra of \$9.00 per kilogram of milk solids (in the range from \$8.25 to \$9.75), with the same price forecast by Synlait.

**SHEEP AND BEEF FARMS**

The directly managed sheep and beef farms are Middle Hills in Hawke’s Bay and Waikoha in Waikato. In total approximately 16,500 stock units are carried on both farms on approximately 2,020 effective hectares.

Middle Hills, located at Ashley Clinton in Central Hawke’s Bay, operates as a finishing unit in association with Waikoha which is located near Hamilton. Waikoha is a sheep and cattle breeding and trading unit with approximately 5,500



*Angus bulls – Middle Hills*

ewes, 1,400 ewe hoggets and up to 1,000 trade cattle. At Waikoha, the cattle policy is to purchase weaner cattle in the autumn, winter them on the better country with improved pastures and annual ryegrass forage, then transfer them to Middle Hills in the spring. In addition, rising two year old heifers are grazed and finished for slaughter in the spring. Forestry has taken up much of the land previously used to run up to 400 breeding cows that were sold in 2022, although a smaller herd of 160 cows presented a good trading opportunity this year.

The integrated livestock policy between Waikoha and Middle Hills allows surplus store lambs and yearling bulls from Waikoha to be transferred and farmed at Middle Hills until they are ready for slaughter, thereby obtaining maximum value for all livestock.

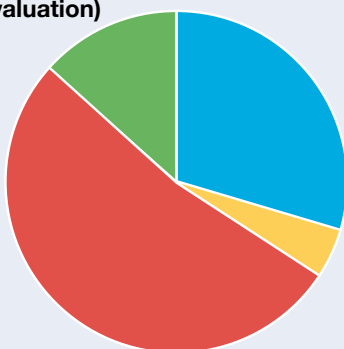
Overall, Middle Hills had a favourable season but with dry autumn conditions causing a difficult transition to winter grazing numbers. The livestock transferred from Waikoha was finished to target weights and additional lambs were purchased. Approximately 5,500 lambs and 520 cattle were traded in the 2023-24 season. The bulls sold this season were the heaviest produced there. An ongoing summer forage crop (chicory) with some winter kale as part of the pasture renewal programme is central to the livestock finishing programme and overall improving livestock performance from Middle Hills.

**FORESTRY**

The forestry programme at Waikoha is now well established, covering approximately 440 hectares, and provides diversity of land use and an additional income stream from carbon credits. The forest includes radiata pine, redwoods and mixed natives (mostly totara and manuka). Around 17% of

**PORTFOLIO BY SECTOR  
(based on current valuation)**

- Sheep & Beef
- Dairy
- Arable
- Deer



the total area at Waikoha is planted in forest, however a further 530 hectares (approximately) remains in regenerating scrub and native bush which has been fenced and is not grazed. When combined with the forestry, these areas provide a large carbon offset for other farms in the Group. The mix of pinus radiata, redwoods and natives has been developed to best suit the land aspect, contour and location on the property. This will provide greater biodiversity and a mix of both production and permanent forestry for timber and carbon credits.



Young forestry - Waikoha

**LEASED PROPERTIES**

The Group has six properties totalling 2,051 hectares that are leased which provide monthly rental income. These properties which include arable, sheep, beef and deer farms provide both sector diversity and further geographical spread in the farm portfolio being located in Hawke's Bay and Canterbury. They are leased to experienced farmers predominantly with other farming interests which provides operational scale for them and stability of tenure for the Group. Rent reviews are completed every two years using a valuer to provide an independent rental assessment with rents generally following an upward trend. The monthly rental income provides regular cash flow to the Group and is unaffected by fluctuating farm product prices in the various sectors.

The name, location, size and type of property in the Group portfolio are shown in the Farm Property Schedule and Location Map on page 6.

**HEALTH & SAFETY**

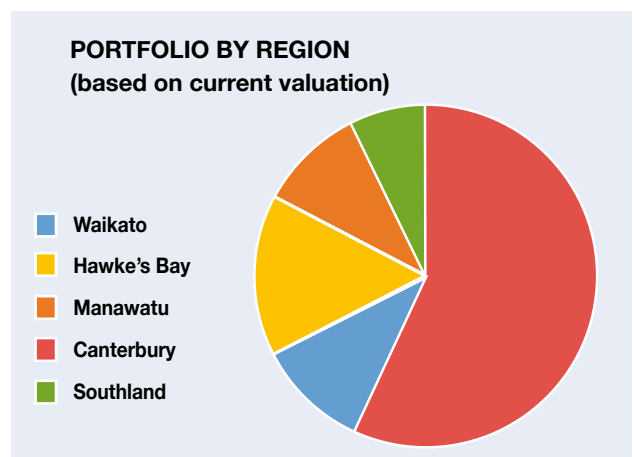
The daily operation of our farms exposes our own farm staff and contractors to a wide range of risks. The Group takes



Grass seed harvesting - Wentworth

a proactive stance regarding worker safety with a Health and Safety plan and policy that aims to keep those working on our farms physically and mentally healthy and safe and to ensure everyone returns home unharmed at the end of each day. The Group's safety record is sound with relatively few incidents and accidents reported. The Directors' Health and Safety Committee oversees this important area of the Group's activities.

Brian Burroughs  
CHIEF EXECUTIVE OFFICER



# Farm Property Schedule and Location Map

As at 30 June 2024

Property	Type	Region	Total Hectares	Management	Livestock Units (approx.)
Eiffelton North	Dairy	Canterbury	313	Sharemilked	1,180 cows
Eiffelton South	Dairy Grazing	Canterbury	83	Managed	1,100
Flimby	Arable	Canterbury	266	Leased	n/a
Highlands	Deer/Beef/Dairy Grazing	Canterbury	380	Leased	3,800
Isleworth	Dairy	Canterbury	227	Sharemilked	750 cows
Marchfield	Sheep/Beef/Deer Finishing	Hawke's Bay	481	Leased	5,000
Middle Hills	Sheep/Beef Finishing	Hawke's Bay	545	Managed	5,500
Milford	Dairy	South Canterbury	177	Sharemilked	670 cows
Penshurst	Dairy	Manawatu	289	Sharemilked	800 cows
Pukekura	Sheep/Beef Finishing	Hawke's Bay	440	Leased	3,700
Rocklea	Dairy	Canterbury	185	Sharemilked	700 cows
Rollsby	Sheep/Beef Finishing	North Canterbury	323	Leased	3,500
Shenstone	Dairy	Southland	313	Sharemilked	900 cows
Waikoha	Sheep/Beef Breeding/Finishing	Waikato	2,510	Managed	11,000
Wentworth	Arable	Canterbury	161	Leased	n/a
<b>Total</b>			<b>6,693 hectares</b>		

- Sheep
- Beef
- Deer
- Dairy
- Arable
- Dairy Grazing



## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 \$000	2023 \$000
<b>Revenue</b>			
Farm income	5	10,735	11,843
Leased property income		1,198	1,226
Dividend income		2,376	1,220
Interest income		651	169
Gain on derivatives	10	147	1,845
Other income		271	297
		<b>15,378</b>	<b>16,600</b>
<b>Expenses</b>			
Farm working expenses	6	5,843	6,616
Leased property expenses		108	63
Other expenses	6	1,746	1,790
		<b>7,697</b>	<b>8,469</b>
<b>Operating income</b>			
		<b>7,681</b>	<b>8,131</b>
Interest expense		(13)	(17)
Loss on sale of property, plant and equipment		-	(137)
Loss in value of assets at fair values	4	(1,076)	(383)
		<b>(1,089)</b>	<b>(537)</b>
<b>Net profit before tax</b>			
		<b>6,592</b>	<b>7,594</b>
Income tax expense	8	2,003	1,969
<b>Net profit after tax</b>			
		<b>4,589</b>	<b>5,625</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Loss in fair value of property, plant and equipment	4	(1,824)	(4,909)
Tax benefit / (expense) on other comprehensive income	8	(5)	3
<b>Total other comprehensive loss net of tax</b>			
		<b>(1,829)</b>	<b>(4,906)</b>
<b>Total comprehensive income</b>			
		<b>2,760</b>	<b>719</b>
Earnings per share for profit attributable to the ordinary equity holders of the Company during the period.			
Basic earnings - cents per share	17	16.16	19.80
Diluted earnings - cents per share	17	16.16	19.80

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Share Capital \$000	Asset Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
<b>Balance at 1 July 2022</b>					
		<b>49,557</b>	<b>18,251</b>	<b>121,135</b>	<b>188,943</b>
Net profit after tax for the year		-	-	5,625	5,625
Other comprehensive loss net of tax		-	(4,906)	-	(4,906)
<b>Total comprehensive income</b>					
		<b>-</b>	<b>(4,906)</b>	<b>5,625</b>	<b>719</b>
<b>Balance at 30 June 2023</b>					
	11	<b>49,557</b>	<b>13,345</b>	<b>126,760</b>	<b>189,662</b>
<b>Balance at 1 July 2023</b>					
		<b>49,557</b>	<b>13,345</b>	<b>126,760</b>	<b>189,662</b>
Net profit after tax for the year		-	-	4,589	4,589
Other comprehensive loss net of tax		-	(1,829)	-	(1,829)
<b>Total comprehensive income</b>					
		<b>-</b>	<b>(1,829)</b>	<b>4,589</b>	<b>2,760</b>
Dividend paid		-	-	(4,260)	(4,260)
<b>Balance at 30 June 2024</b>					
	11	<b>49,557</b>	<b>11,516</b>	<b>127,089</b>	<b>188,162</b>

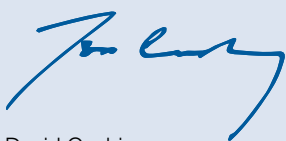
The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 \$000	2023 \$000
<b>Current assets</b>			
Cash and cash equivalents		3,537	11,535
Accounts receivable and prepayments	10	2,706	2,550
Short term investments	10	8,000	-
Held for trading instruments	10	222	423
Livestock	14	1,457	2,089
Feed and produce on hand		706	877
		<b>16,628</b>	<b>17,474</b>
<b>Non-current assets</b>			
Investment properties	12	116,622	118,392
Property, plant and equipment	13	25,342	27,176
Livestock	14	1,078	1,210
Forest		1,447	1,085
Investments	15	31,415	28,474
		<b>175,904</b>	<b>176,337</b>
<b>Total assets</b>		<b>192,532</b>	<b>193,811</b>
<b>Current liabilities</b>			
Accounts payable and accrued expenses		1,080	1,478
Lease liabilities	19	153	84
Provision for tax		713	787
		<b>1,946</b>	<b>2,349</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	419	9
Deferred tax liability	8	2,005	1,791
		<b>2,424</b>	<b>1,800</b>
<b>Equity</b>			
Share capital		49,557	49,557
Asset revaluation reserve		11,516	13,345
Retained earnings		127,089	126,760
	11	188,162	189,662
<b>Total liabilities and equity</b>		<b>192,532</b>	<b>193,811</b>

On behalf of the Directors, who authorised the issue of these consolidated financial statements, dated 2nd September 2024.



David Cushing  
EXECUTIVE CHAIRMAN



Rodger Finlay  
DIRECTOR

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2024 \$000	2023 \$000
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers		13,917	15,762
Dividends received		2,376	1,220
Interest received		347	160
		16,640	17,142
<i>Cash was applied to:</i>			
Payments to suppliers and employees		8,423	8,041
Taxation paid		1,869	1,657
Interest paid		13	18
		10,305	9,716
<b>Net cash flows from operating activities</b>	7	<b>6,335</b>	<b>7,426</b>
<b>Cash flows from investing activities</b>			
<i>Cash was provided from:</i>			
Proceeds from sale of shares	15	1,265	-
Proceeds from share capital repayment	15	1,250	-
Proceeds from sale of carbon credits		462	-
Proceeds from sale of property, plant and equipment		-	9,876
		2,977	9,876
<i>Cash was applied to:</i>			
Purchase and improvements to investment properties		556	1,076
Improvements to other properties		496	682
Short term investments		8,000	-
Purchases of plant and equipment		66	189
Purchase of shares		3,755	5,370
		12,873	7,317
<b>Net cash flows used in investing activities</b>		<b>(9,896)</b>	<b>2,559</b>
<b>Cash flows from financing activities</b>			
<i>Cash was applied to:</i>			
Repayments of borrowings and leasing liabilities		177	164
Dividend paid		4,260	-
		4,437	164
<b>Net cash flows used in financing activities</b>		<b>(4,437)</b>	<b>(164)</b>
<b>Net change in cash and cash equivalents</b>		<b>(7,998)</b>	<b>9,821</b>
Cash and cash equivalents at beginning of year		11,535	1,714
<b>Cash and cash equivalents at end of year</b>		<b>3,537</b>	<b>11,535</b>

The accompanying notes form part of these consolidated financial statements.

# Consolidated Notes to the Financial Statements

For the year ended 30 June 2024

## NOTE 1 STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

Rural Equities Limited is a company registered in New Zealand under the Companies Act 1993. The Company is a reporting entity under the Financial Markets Conduct Act 2013. These financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. Rural Equities Limited shares are traded on the Unlisted Securities Exchange, a financial product market operating under an exemption from the Financial Markets Conduct Act 2013.

The Group ("the Group") consists of:

- (a) The parent, Rural Equities Limited ("the Company" or "REL")
- (b) The subsidiaries, New Zealand Rural Property Trust Management Limited, REL - Trust Management Limited, REL Trustee Services Limited, New Zealand Rural Property Trust Nominees Limited and the New Zealand Rural Property Trust ("the Trust").

REL's ultimate parent company is H&G Limited.

The Group owns fifteen farms (2023: Fifteen). Two of the farms are sheep and beef farms operated directly by the Group. The other farms are leased to third parties or operated under share milking agreements.

### MEASUREMENT BASE

The functional currency is New Zealand dollars and the financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (\$000).

The financial statements have been prepared using a historical cost basis, modified by the revaluation to fair value of certain assets and liabilities as disclosed below.

The consolidated financial statements have been prepared on the basis that the Group is a going concern.

### STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with NZ GAAP. For the purpose of complying with NZ GAAP, the Group is a for-profit entity that has elected to apply the Tier 1 for profit reporting requirements set out by the External Reporting Board, in its "Accounting Standards Framework". They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand Financial Reporting Standards and authoritative notices that are applicable to entities that apply NZ IFRS, as appropriate for profit-oriented entities issued by the New Zealand Accounting Standards Board.

### CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies during the reporting period.

Accounting policies set out below have been applied consistently to both periods presented in these financial statements.

### NZ IFRS ISSUED BUT NOT YET EFFECTIVE

There are no standards, amendments or interpretations that have been issued but are not yet effective that are expected to materially impact the Group's financial statements.

### SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies have been applied:

#### (a) Basis of Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The consolidated financial statements include the parent company and its subsidiaries. In preparing the consolidated financial statements all significant inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The acquisition of subsidiaries is accounted for using the acquisition method. All subsidiaries have a reporting date of 30 June.

#### (b) Investment Properties

Properties which are held primarily to earn rentals and/or for capital appreciation are classified as investment properties at their acquisition date. Investment properties are initially recorded at cost. Subsequent to initial recognition, investment properties are revalued to fair value based on annual valuations prepared by registered independent valuers, with sufficient experience with respect to both the location and nature of investment properties.

All investment properties are revalued annually as at 30 June.

Changes in value are recorded within profit and loss in the Consolidated Statement of Comprehensive Income for the reporting period.

#### (c) Property, Plant and Equipment

##### Land and Buildings

Land and buildings are recorded at fair value, based on annual valuations prepared by registered independent valuers.

All properties are revalued annually as at 30 June.

Any revaluation increase is credited to the revaluation reserve and included in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised within net profit in the Consolidated Statement of Comprehensive Income, in which case the increase is recognised within net profit in the Consolidated Statement of Comprehensive Income.

Any revaluation decrease is recognised within net profit in the Consolidated Statement of Comprehensive Income for the period except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance in the revaluation reserve for that asset.

Depreciation is not charged on investment buildings as the future residual value is not expected to be less than the carrying amount.

## Consolidated Notes to the Financial Statements

### Plant and Equipment

Plant and equipment are initially recognised at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of use.

Plant and equipment are subsequently measured using the cost model less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis so as to allocate the cost of the assets over their estimated useful lives. The estimated useful lives of plant and equipment assets range from three to twenty years. Plant and equipment is depreciated at rates between 5% - 33% (2023: 5% - 33%).

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets, and are recognised in profit or loss.

### (d) Leased Assets

#### The Group as a lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets two key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

On the Consolidated Statement of Financial Position, right-of-use assets have been included in investment properties, and property, plant and equipment. Lease liabilities have been shown separately.

### The Group as a lessor

Income from operating lease agreements is recognised as income on a straight-line basis over the lease term.

### (e) Livestock

Livestock are recorded at fair value as assessed by an independent valuer, less estimated point of sale costs. Changes in fair value including animal growth and changes in livestock numbers are recorded within profit or loss in the Consolidated Statement of Comprehensive Income. Livestock are classified as a current asset if they are likely to be sold within one year.

### (f) Taxation

The income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous reporting periods.

Deferred tax is recognised using the liabilities method, providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation.

A deferred tax asset relating to unused tax losses is only recognised to the extent that taxable profits will be available against which the tax losses can be utilised.

### (g) Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for receivables and payables that are stated inclusive of GST.

### (h) Statement of Cash Flows

For purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash at bank and short term deposits which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

### (i) Revenue Recognition

Revenue arises from farm income (the sale of livestock, wool, milk and carbon credits), and lease rental revenue from investment properties. Rental income is recognised in accordance with NZ IFRS 16 Leases.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when and as its performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Revenue from the sale of goods is recognised when goods are transferred to the customer and the customer has control of the goods, which is upon delivery, therefore revenue is recognised in the Consolidated Statement of Comprehensive Income at the time of delivery.

## Consolidated Notes to the Financial Statements

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods when the performance obligation has been satisfied.

Milk revenue is recognised following collection by the milk processor and using the processors most recent forecast price and dividend information. Differences between forecast and actual revenue for the current year are accounted for in the following financial year. The company holds Singapore Stock Exchange ("SGX") milk price futures in order to manage commodity risk. The fair value gains or losses on these futures are reported in the Consolidated Statement of Comprehensive Income at balance date.

Carbon income is recognised when NZU's are issued to the Group's New Zealand Emissions Trading Register which is based on an Emission return being filed with MPI. The fair value gains or losses on these NZU's are reported in the Consolidated Statement of Comprehensive Income at balance date.

### **(j) Feed on Hand**

Feed on hand consists of livestock feed either purchased or produced on the farms. Feed on hand is valued at the lower of cost or net realisable value ('NRV').

Cost includes all expenses directly attributable to the manufacturing process. NRV is the estimated selling price in the ordinary course of business less any applicable selling expenses.

### **(k) Impairment testing of property, plant and equipment**

Individual assets not held at fair value are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the asset's recoverable amount exceeds its carrying amount.

### **(l) Financial Instruments**

#### **Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### **Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial liabilities at amortised cost

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest expense, interest income or other finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

#### **Financial assets at amortised cost**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less an allowance for estimated credit losses. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### **Financial assets at FVTPL**

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. The Group's shares in publicly traded equities and derivative financial instruments used to economically hedge exposure to interest rates and milk futures fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### **Financial assets at FVOCI**

Financial assets at FVOCI include financial assets that are either classified as available for sale or that meet certain conditions and are designated at FVOCI upon initial recognition. The Group's investments in shares other than those included in FVTPL fall into this category.

#### **Classification and subsequent measurement of financial liabilities**

The Group's financial liabilities include trade and other payables. The Group has no borrowings.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

## Consolidated Notes to the Financial Statements

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest expense or interest income.

### NOTE 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the accounting policies, management continually evaluate judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions made by management. Significant judgements made in the preparation of these consolidated financial statements are outlined below:

i) Investment properties - The majority of the Group's assets consist of investment properties. The fair values are based on market values, as assessed by independent registered valuers who estimate the 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. Changes to market conditions or to assumptions made in the estimation of fair value will result in changes to the fair value of investment properties. The carrying value of investment properties is \$116,622,000 (2023: \$118,392,000).

ii) Land and buildings - The fair values of land and buildings are based on market values, as assessed by independent registered valuers who estimate the 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. Changes to market conditions or to assumptions made in the estimation of fair value will result in changes to the fair value of land and buildings. The carrying value of land and buildings is \$24,859,000 (2023: \$26,614,000).

iii) Deferred Tax - The Group has investment properties measured at fair value. NZ IAS 12, as amended, includes a rebuttable presumption that investment property measured at fair value is recovered entirely through sale. The presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale.

The Group does not rebut the presumption.

Deferred tax in relation to investment properties is therefore calculated on a sale basis. See note 8 Taxation for the impact.

iv) Livestock - The fair value of livestock is based on market values, as assessed by an independent valuer. These market values reflect livestock of similar age, breed and genetic merit throughout New Zealand. Trading stock is carried on the Consolidated Statement of Financial Position as a current asset of \$1,457,000 (2023: \$2,089,000), and breeding stock is carried on the Consolidated Statement of Financial Position as a non current asset of \$1,078,000 (2023: \$1,210,000).

v) Milk Proceeds - The Group estimates and accrues the final milk proceeds for the dairy season using the latest forecast milk price announced by the dairy companies prior to the finalisation of their financial statements. The final amount received could be different from the amount accrued. Total milk income accrued in the financial statements is \$1,865,000 based on a farmgate milk price of \$7.80 (2023: \$2,050,000 based on a farmgate milk price of \$8.20).

### NOTE 3 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets and liabilities are classified as follows:

#### Assets:

Accounts receivable	Amortised Cost
Cash and cash equivalents	Amortised Cost
Short term investments	Amortised Cost
Investment equity shares -	
Level 1 fair value hierarchy	Fair Value Through Profit or Loss
Derivatives - Level 2 fair value hierarchy	Fair Value Through Profit or Loss
Other investments	Fair Value Through Other Comprehensive Income

#### Liabilities:

Bank loans and overdraft	Liabilities at Amortised Cost
Accounts payable and accruals	Liabilities at Amortised Cost

### NOTE 4 REVALUATIONS

	2024	2023
Revaluations recognised in profit and loss:	\$000	\$000
Fair value gain (loss) in value of:		
Investment properties	(2,777)	(2,214)
Investments in shares	1,701	1,831
	<u>(1,076)</u>	<u>(383)</u>
Revaluations recognised in other comprehensive income:		
Property, plant and equipment (refer note 1(c))	(1,824)	(4,909)
	<u>(1,824)</u>	<u>(4,909)</u>

### NOTE 5 FARM INCOME

	2024	2023
Farm income comprises:	\$000	\$000
Milk income	8,889	9,958
Livestock income (refer note 14)	1,308	1,781
Carbon income	462	-
Other farm income	76	104
	<u>10,735</u>	<u>11,843</u>

All revenue is New Zealand based, and all revenue is recognised at a point in time.

## Consolidated Notes to the Financial Statements

### NOTE 6 EXPENSES

Farm operating expenses include the costs of operating the farms that the Group manages directly or under sharemilking agreements.

	2024	2023
	\$000	\$000
Farm expenses comprise:		
Animal health	122	128
Depreciation	148	168
Feed	1,161	1,281
Fertiliser	822	1,130
Grazing	793	937
Farm salaries and wages	435	416
Repairs and maintenance	781	902
Weed and pest	97	114
Other farm expenses	1,484	1,540
	<b>5,843</b>	<b>6,616</b>
Other expenses comprise:		
Depreciation - on plant and equipment	23	16
Depreciation - on buildings	-	5
Depreciation - on right of use assets	173	167
Directors' fees	396	390
Operating lease costs	6	14
Statutory audit fees	44	40
Key management remuneration - short term benefits	875	902
Other expenses	229	256
	<b>1,746</b>	<b>1,790</b>

### NOTE 7 CASH FLOW RECONCILIATION

	2024	2023
	\$000	\$000
<b>Net profit after tax</b>	4,589	5,625
<b>Add / (deduct) non-cash items:</b>		
Depreciation	179	197
Assets written off	54	-
Milk Price Futures mark to market	202	(106)
Fair value movements	1,076	383
	<b>1,511</b>	<b>474</b>
<b>Changes in assets and liabilities:</b>		
Increase / (decrease) in accounts payable	(398)	262
Increase / (decrease) in current tax liability	(74)	118
Increase in deferred taxation liability	214	194
(Increase) / decrease in right of use assets	(4)	3
(Increase) / decrease in livestock and feed on hand	935	(278)
(Increase) / decrease in accounts receivable	(156)	729
	<b>517</b>	<b>1,028</b>
<b>Add / (deduct) non-operating items:</b>		
Non-operating items in accounts payable	4	-
Lease payments classified as financing cashflows	176	164
Sale of Carbon Credits	(462)	-
Realised loss on asset sales	-	135
	<b>(282)</b>	<b>299</b>
<b>Net cash flows from operating activities</b>	<b>6,335</b>	<b>7,426</b>

### NOTE 8 TAXATION

	2024	2023
	\$000	\$000
<b>Statement of Comprehensive Income</b>		
<b>Net profit before tax</b>	6,592	7,594
Tax at the statutory rate of 28%	1,846	2,127
<b>Adjusted for the tax effect of:</b>		
Non assessable asset revaluations & realisations	462	221
Non assessable livestock revaluations	159	(11)
Non assessable dividend income	(13)	(14)
Change of use	(154)	-
Depreciation on land improvements	(125)	(155)
Imputation credits	(173)	(200)
Other items	1	1
<b>Tax expense</b>	<b>2,003</b>	<b>1,969</b>
<b>Represented by:</b>		
Current tax	1,794	1,772
Deferred tax	209	197
	<b>2,003</b>	<b>1,969</b>
<b>Statement of Financial Position</b>		
<b>Deferred tax assets and liabilities relate to the following:</b>		
Buildings depreciation and revaluation	1,391	1,275
Forest operations and revaluation	405	304
Plant depreciation	197	199
Livestock revaluation	1	(12)
Leases	2	1
Other items	9	24
	<b>2,005</b>	<b>1,791</b>
To be recovered after more than 1 year	1,996	1,767
To be recovered within 1 year	9	24
	<b>2,005</b>	<b>1,791</b>
<b>Disclosed as:</b>		
Deferred tax liability	2,005	1,791
	<b>2,005</b>	<b>1,791</b>
<b>Changes to deferred tax liability:</b>		
1) Recognised in profit or loss:		
Buildings depreciation and revaluation	111	163
Forest operations and revaluation	101	53
Plant depreciation	(2)	25
Livestock revaluation	13	(39)
Leases	1	(1)
Other items	(15)	(4)
	<b>209</b>	<b>197</b>
2) Recognised in other comprehensive income	5	(3)
<b>Total change in deferred tax liability</b>	<b>214</b>	<b>194</b>

## Consolidated Notes to the Financial Statements

### NOTE 9 IMPUTATION CREDIT ACCOUNT

	2024	2023
	\$000	\$000
Imputation credits available for subsequent reporting periods	7,770	7,387

The above amounts represent the balance of the imputation credit account as at the end of the reporting period, adjusted for imputation credits that will arise from the payment (or refund) of the amount of the provision for income tax.

The consolidated amounts include imputation credits that would be available to the parent if the subsidiaries paid dividends to the parent entity. However, the parent entity and all its subsidiaries form a consolidated group for income tax purposes. As such all imputation credit amounts are directly available to the parent entity.

### NOTE 10 FINANCIAL RISK MANAGEMENT

#### Fair value estimation

Assets and liabilities recorded at fair value are valued according to the fair value hierarchy as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There have been no transfers of assets between levels during the financial year.

#### Financial Instrument Classification

The carrying amounts of financial instruments by category are listed below. For those held at fair value the applicable level in the fair value hierarchy is shown.

The carrying amounts of financial instruments by category are:	2024	2023
	\$000	\$000
<b>Amortised cost:</b>		
Accounts receivable	2,528	2,404
Cash and cash equivalents	3,537	11,535
Short term investments	8,000	-
<b>Fair value through profit or loss:</b>		
Investment equity shares - Level 1 fair value hierarchy	31,414	28,472
Derivatives - Level 2 fair value hierarchy	222	423
<b>Fair value through other comprehensive income:</b>		
Other investments	1	2
<b>Liabilities at amortised cost:</b>		
Accounts payable and accruals	866	1,297

#### Interest rate risk

The Group can be exposed to changes in interest rates on its bank term deposits which are fixed for a period of time and do not fluctuate as interest rates change. There were \$8,000,000 of term deposits at 30 June 2024. (2023: Nil).

#### Commodity price risk

	2024	2023
	\$000	\$000
Finance payable with Jarden Securities	(317)	(1,092)
Derivative asset	539	1,515
Held for Trading Instruments	222	423

The Group is exposed to price risk on a number of agricultural commodities including wool, meat and milk solids. The Directors have identified changes to milk solid prices as having a material impact on profit. The effect of an increase/decrease in the price of milk solids of \$1.00 per kilogram on the Group's profit after tax and the Group's equity would be an increase/decrease of \$791,000 (2023: \$831,000).

SGX offers fixed price contracts in the form of milk price futures. There are also Put options available from time to time which secure a minimum price. The Group evaluates milk price futures and Put options and uses them to manage commodity price risk by securing a fixed or a minimum price for a determined proportion of the expected milk solids production for the season. At financial year end the Group has locked in the following milk revenue by selling milk price futures.

	2024	2023
	\$000	\$000
2023 Milk Price Futures - expire 1 October 2023	-	6,529
2024 Milk Price Futures - expire 1 October 2024	3,871	3,201
2025 Milk Price Futures - expire 1 October 2025	1,852	-

These have been revalued to market at reporting period end which resulted in a gain of \$147,000 (2023: gain of \$1,845,000).

#### Market price risk

Investment Equity Shares reported at market value are valued at the market price at the reporting period ending 30 June 2024. If the price increased/decreased by 10% the effect on the Group's profit after tax and the Group's equity would be an increase/decrease of \$3,141,000 (2023: \$2,847,000).

#### Credit risk

Credit risk is the risk of loss arising from a counterparty to a contract failing to discharge its obligation. Financial instruments which potentially subject the Group to credit risk, consist of bank term deposits, derivative financial instruments and accounts receivable.

There are \$8,000,000 of term deposits included in short term investments (2023: nil).

Included in accounts receivable is \$436,000 (2023: \$687,000) receivable from Fonterra Co-operative Group Ltd and \$1,362,000 (2023: \$1,109,000) receivable from Synlait Milk Ltd. There are accruals for milk escalation payments from the sharemilkers of \$67,000 (2023: \$284,000). There are no other significant concentrations of credit risk.

The Group had exposure to Synlait Milk Limited of \$1,362,000 at 30 June 2024 (of which \$602,000 has subsequently been paid to the Group in the normal course of business between 30 June 2024 and the date of signing the accounts - 2 September 2024). On 20 August 2024 Synlait announced that it had agreed terms of a recapitalisation, including aggregate new equity of \$217.8 million, with its two largest shareholders, and that it is in the final stages of refinancing of its bank facilities. If this recapitalisation does not complete, any money owed from Synlait could be at risk.

## Consolidated Notes to the Financial Statements

Other than Synlait (as outlined above), the Directors do not consider there to be any credit losses or expected credit loss to be recognised in respect of accounts receivable.

In respect of trade and other receivables, other than Synlait, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. There is no history of customer default and management consider the credit quality of trade receivables to be good. On this basis, the Group does not feel it necessary to have a written credit policy in place, however management continue to monitor this risk.

Maximum exposures to credit risk are:	2024	2023
	\$000	\$000
Accounts receivable	2,528	2,404
Term deposits	8,000	-
Derivatives (milk price futures margin account)	222	423
The Group does not expect the non-performance of any obligations to date.		
The status of accounts receivable at balance date was:		
Not yet due	2,498	2,404
Past due - up to 30 days	4	-
Past due - more than 31 days	26	-
	<u>2,528</u>	<u>2,404</u>

### Fair values

Carrying value approximates to fair value for all classes of financial instruments.

### Liquidity risk

The Group's approach to liquidity risk management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to returns.

Liquidity is assessed by using all information known, expected cash flows and the availability of collateral which could be used to secure additional funding if required. The Company's bank facility runs until 31 October 2024.

The following table sets out the maturity profile of the Group's financial liabilities:

	2024	2023
	Less than 12 months	Less than 12 months
	\$000	\$000
Accounts payable and accrued expenses	866	1,297

### Currency risk

The Group does not have any direct exposure to currency risk.

The Group does not enter into any foreign currency hedging to mitigate the risk of currency movements.

### Held for trading instruments

Derivative financial instruments are used by the Group to hedge commodity price risks. The Group has elected not to apply hedge accounting. This means that all derivative financial instruments are accounted for at fair value through profit and loss.

### NOTE 11 EQUITY

	2024	2023
	\$000	\$000
Share capital - see below	49,557	49,557
Asset revaluation reserve	11,516	13,345
Retained earnings	127,089	126,760
<b>Total</b>	<b>188,162</b>	<b>189,662</b>

#### Share capital

There are 28,404,784 ordinary shares on issue (2023: 28,404,784). All shares are fully paid up. All shares participate equally in dividends and any surpluses on winding up the Company. All shares have equal voting rights and have no par value.

There were no transaction fees relating to capital matters this financial year (2023: nil).

#### Capital Maintenance

The Group's capital is primarily invested in rural property and equity investments which are held for long term capital appreciation, and investment decisions to rebalance the portfolio are periodically made based upon long term future yield expectations. Operational cash inflows are broadly expected to match outflows and where differences arise this is managed within the available banking facilities. The Group's capital consists of share capital, asset revaluation reserve and retained earnings.

The Group is not exposed to any borrowing covenants.

### NOTE 12 INVESTMENT PROPERTIES

All investment property balances are represented by land and buildings.

	2024	2023
	\$000	\$000
<b>Gross carrying amount</b>		
Opening balance	118,947	129,974
Additions	1,110	1,085
Disposals and assets written off	(52)	(9,898)
Fair value loss	(2,777)	(2,214)
<b>Closing balance</b>	<b>117,228</b>	<b>118,947</b>
<b>Depreciation of right-of-use assets</b>		
Opening balance	(555)	(439)
Depreciation added back on end of lease	-	21
Depreciation	(51)	(137)
<b>Closing balance</b>	<b>(606)</b>	<b>(555)</b>
<b>Carrying amount</b>	<b>116,622</b>	<b>118,392</b>

All rural investment properties held as non current assets were valued as at 30 June 2024 by independent registered valuers Property Advisory Limited. The valuations are on the basis of current fair value. Fair value is determined by direct reference to recent market transactions on arm's length terms for properties comparable in size and location to those held by the Group after making allowances or adjustments for relevant differences between the properties - such as improvements, productivity and location - to improve comparability. This is level 2 of the fair value hierarchy - refer to note 10.

## Consolidated Notes to the Financial Statements

The commercial land and building was valued as at 30 June 2024 by independent registered valuer Added Valuation Limited. The valuation is on the basis of current fair value. Fair value is determined by direct reference to recent market transactions on arm's length terms for properties of comparable size and location. This is level 2 of the fair value hierarchy - refer to note 10.

Where a property is subject to a lease arrangement the terms and conditions of the lease have been assessed, including exit provisions, and the value of the Group's investment as lessor is established.

Valuations by valuer	2024 \$000	2023 \$000
Added Valuation Limited	1,110	1,200
Property Advisory Limited	114,940	117,118
	116,050	118,318
Right-of-use assets	572	51
Assets not yet completed	-	23
Carrying amount	116,622	118,392

### NOTE 13 PROPERTY, PLANT AND EQUIPMENT

	2024 \$000	2023 \$000
<b>Land and Buildings</b>		
Opening balance	26,614	31,215
Additions	140	386
Fair value loss	(1,895)	(4,987)
<b>Closing balance</b>	<b>24,859</b>	<b>26,614</b>
<b>Plant and Equipment</b>		
Opening balance	562	728
Additions	68	108
Disposals	-	(114)
Depreciation	(147)	(160)
<b>Closing balance</b>	<b>483</b>	<b>562</b>
Cost	2,055	1,986
Accumulated depreciation	(1,572)	(1,424)
Net carrying amount	483	562
<b>Total property, plant and equipment</b>	<b>25,342</b>	<b>27,176</b>

	Plant and equipment \$000	Land and buildings \$000	Total \$000
<b>Gross carrying amount</b>			
Balance 1 July 2023	6,266	27,308	33,574
Additions	68	140	208
Fair value loss	-	(1,824)	(1,824)
<b>Balance 30 June 2024</b>	<b>6,334</b>	<b>25,624</b>	<b>31,958</b>

Plant and equipment \$000	Land and buildings \$000	Total \$000
---------------------------------	--------------------------------	----------------

#### Depreciation and impairment

Balance 1 July 2023	(5,704)	(694)	(6,398)
Depreciation	(147)	(71)	(218)
<b>Balance 30 June 2024</b>	<b>(5,851)</b>	<b>(765)</b>	<b>(6,616)</b>
<b>Carrying amount 30 June 2024</b>	<b>483</b>	<b>24,859</b>	<b>25,342</b>

#### Included in the above are the following:

Property plant and equipment	483	24,850	25,333
Right-of-use assets	-	9	9
	483	24,859	25,342

#### Gross carrying amount

Balance 1 July 2022	6,294	31,832	38,126
Additions	128	385	513
Disposals	(156)	-	(156)
Fair value loss	-	(4,909)	(4,909)
<b>Balance 30 June 2023</b>	<b>6,266</b>	<b>27,308</b>	<b>33,574</b>

#### Depreciation and impairment

Balance 1 July 2022	(5,566)	(617)	(6,183)
Disposals	22	-	22
Depreciation	(160)	(78)	(238)
<b>Balance 30 June 2023</b>	<b>(5,704)</b>	<b>(694)</b>	<b>(6,398)</b>

#### Carrying amount 30 June 2023

562	26,614	27,176
-----	--------	--------

Rural land and buildings were valued as at 30 June 2024 by independent registered valuer Property Advisory Limited. The valuations are on the basis of current fair value. Fair value is determined by direct reference to recent market transactions on arm's length terms for properties comparable in size and location to those held by the Group after making allowances or adjustments for relevant differences between the properties - such as improvements, productivity and location - to improve comparability. This is level 2 of the fair value hierarchy - refer to note 10.

Valuations by valuer	2024 \$000	2023 \$000
Property Advisory Limited	24,850	26,550

If land and buildings were measured at cost less accumulated depreciation and impairment then the carrying amounts would be:

	2024 \$000	2023 \$000
Land	4,837	4,695
Buildings	1,691	1,676
Less accumulated depreciation	(616)	(583)
Net carrying amount	5,912	5,788

## Consolidated Notes to the Financial Statements

### NOTE 14 LIVESTOCK

The Group has operated two sheep and beef farms during the financial year. (2023: Two). Livestock are held for meat and wool production.

	2024	2023
	No. of	No. of
	Head	Head
<b>Livestock on hand:</b>		
Sheep	9,468	10,968
Cattle	1,243	1,315
	\$000	\$000
<b>Sheep value</b>		
Opening balance	1,645	1,667
Increases due to purchases	127	741
Decreases due to sales	(1,154)	(1,258)
Gains due to net births and deaths	618	547
Fair value losses	(160)	(52)
<b>Closing balance</b>	<b>1,076</b>	<b>1,645</b>
<b>Cattle value</b>		
Opening balance	1,654	1,454
Increases due to purchases	939	1,109
Decreases due to sales	(1,439)	(1,325)
Decreases due to deaths	(19)	(25)
Fair value gains	324	441
<b>Closing balance</b>	<b>1,459</b>	<b>1,654</b>
<b>Total livestock</b>	<b>2,535</b>	<b>3,299</b>
<b>Classified as:</b>		
Current asset	1,457	2,089
Non current asset	1,078	1,210
	<b>2,535</b>	<b>3,299</b>
Livestock were valued as at 30 June 2024 by independent livestock valuers, PGG Wrightson Limited. The valuation is on the basis of current fair value less point of sale costs. Fair value is determined by direct reference to recent market transactions (conducted at public auction) on arm's length terms for livestock of comparable quality, condition and age in the region the Group's livestock is located. This is level 2 of the fair value hierarchy - refer to note 10.		
<b>Livestock Income</b>	2024	2023
	\$000	\$000
Sheep	557	861
Beef	751	920
	<b>1,308</b>	<b>1,781</b>
<b>Livestock Income</b>		
Livestock sales	3,920	3,458
Book value of livestock sold	(3,376)	(2,587)
Births	758	678
Losses	(158)	(157)
Increase in value	164	389
	<b>1,308</b>	<b>1,781</b>

### NOTE 15 INVESTMENTS

	2024	2023
	\$000	\$000
Shares in public companies held at fair value	31,414	28,472
Shares in private companies held at cost	1	2
	<b>31,415</b>	<b>28,474</b>

Shares at market value are valued at quoted prices in active markets. This is level 1 of the fair value hierarchy - refer to note 10.

During the year shares were sold for \$1,265,000 and a capital repayment was received of \$1,250,000 (2023: nil).

### NOTE 16 BANK LOANS

The Company has undrawn loan facilities with ANZ Bank New Zealand Limited totalling \$480,000 (2023: \$480,000).

A global security deed has been provided to ANZ Bank New Zealand Limited covering all the Group's assets. The facility expires on 31 October 2024.

### NOTE 17 EARNINGS PER SHARE

#### Basic Earnings Per Share

Basic earnings per share are calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

	2024	2023
Net profit after tax (\$000)	4,589	5,625
Basic Earnings - cents per share	16.16	19.80
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at the beginning of the year	28,404,784	28,404,784
Issued ordinary shares at the end of the year	28,404,784	28,404,784
Weighted average number of ordinary shares	28,404,784	28,404,784
Weighted average number of ordinary shares (diluted)	28,404,784	28,404,784

#### Diluted Earnings Per Share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding and to assume conversion of all dilutive potential ordinary shares.

Diluted Earnings - cents per share	16.16	19.80
------------------------------------	-------	-------

## Consolidated Notes to the Financial Statements

### NOTE 18 RELATED PARTY DISCLOSURES

REL provides accounting and administration services to H&G Limited and related entities. H&G Limited is REL's parent company. David Cushing is a director of REL and is a director and shareholder of H&G Limited. Sir Selwyn Cushing was a director of REL until 23 November 2022 and is a director and shareholder of H&G Limited. The fees received during the financial year were \$45,000 (2023: \$55,000). The amount owing at balance date was \$12,000 (2023: \$10,000) and has since been paid in full.

The Company leases its office premises at 127 Queen Street East, Hastings from Seajay Securities Limited. David Cushing is a director of REL and is a director and shareholder of Seajay Securities Limited. Sir Selwyn Cushing was a director of REL until 23 November 2022 and is a director and shareholder of Seajay Securities Limited. The lease expired on 30 September 2022 and was renewed for a further term of two years period until 30 September 2024. The amount of rental paid to Seajay Securities Limited during the financial year was \$42,000 (2023: \$42,000).

During the financial year the Group purchased livestock and cattle grazing from Makowai Farm Limited for a total value of \$82,000 (2023: \$120,000). David Cushing is a director of REL and is a director and shareholder of Makowai Farm Limited. Sir Selwyn Cushing was a director of REL until 23 November 2022 and is a director and shareholder of Makowai Farm Limited. Nigel Atherfold who is a director of REL is a director of Landcorp Farming Limited. Landcorp Farming Limited leases one of the Group's properties. Rent paid by Landcorp Farming Limited for lease of that property during the financial year was \$124,000 (2023: \$124,000). The rent is set by reference to an assessment completed by an independent registered valuer.

### NOTE 19 LEASES

The Group has a lease for the head office and two property leases adjoining two of the farms which are subject to sharemilking contracts. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its investment property (see note 12), and property, plant and equipment (see note 13). The Group had three right-of-use asset leases at 30 June 2024 with terms ranging from 1-5 years and an average remaining lease term of two years (2023: The Group had three right-of-use asset leases with terms ranging from 1-2 years and an average remaining lease term of one year).

Lease payments are generally fixed.

#### Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2024	2023
	\$000	\$000
Current	153	84
Non-current	419	9
	572	93

Maturity analysis of lease liabilities	Within 1 year	1-2 years	2-3 years	4-5 years	5-10 years
	\$000	\$000	\$000	\$000	\$000
Land and buildings	19	134	127	236	56

#### Additional cashflow information

Total cash outflow in respect of leases in the year is \$189,000 (2023: \$181,000).

### NOTE 20 COMMITMENTS AND CONTINGENT LIABILITIES

#### Operating lease commitments receivable as lessor

The Group's investment properties (excluding the dairy farms) are leased for terms of up to ten years. Generally the lease agreements provide the right for either the lessor or lessee to give the other party one years' notice to terminate the lease within the contract term.

The value of operating lease commitments receivable as lessor is based on the current rental receivable for each property on the assumption that the required early termination notice had been issued by the lessor at balance date.

	2024	2023
	\$000	\$000
Within one year	519	912
After one year but not more than five years	217	298
More than five years	-	-
<b>Total</b>	<b>736</b>	<b>1,210</b>

#### Property, Plant and Equipment and Investment Properties Commitments

As at 30 June 2024, there are no land transactions in progress (2023: none).

#### Contingent Liabilities

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

### NOTE 21 SEGMENT REPORTING

The Group's internal reporting to the Directors is focused on each of the Group's individual rural properties. Due to the nature of the Group's rural properties they can all be grouped into one reportable segment. All farm revenue as reported in note 5 is derived from New Zealand domiciled entities. Income from investment in shares is derived from investments held in New Zealand publicly traded companies.

The Directors are the decision makers who assess the segment reporting and decide on the resource allocation.

#### Major Customers

The Group had six dairy farms producing milk during the financial year ending 30 June 2024 (2023: seven). One of the Fonterra farms was sold on 1 June 2023 and therefore did not produce milk for the Group in 2024. Two supplied Fonterra Co-operative Group and four supplied Synlait Milk Limited. The Group obtained \$2,669,000 which is 22% (2023: \$3,678,000 - 28%) of its operating revenue from Fonterra, and \$6,126,000 which is 51% (2023: \$5,985,000 - 46%) of its operating revenue from Synlait.

### NOTE 22 EVENTS SUBSEQUENT TO THE REPORTING DATE

On 2 September 2024 the Directors approved the payment of a dividend of seventeen cents per share.



## Grant Thornton

**Grant Thornton New Zealand Audit Limited**  
L4, Grant Thornton House  
152 Fanshawe Street  
PO Box 1961  
Auckland 1140  
T +64 9 308 2570  
www.grantthornton.co.nz

### To the Shareholders of Rural Equities Limited

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the consolidated financial statements of Rural Equities Limited and its controlled subsidiaries, "the Group", on pages 7 to 19 which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners

(including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Chartered Accountants and Business Advisers  
Member of Grant Thornton International Limited

Other than in our capacity as auditor we have no other relationship with, or interests in, the Group.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### Why the audit matter is significant

##### Investment Property and Property, Plant and Equipment held at fair value – Valuation and classification.

In the application of NZ IFRS, management is required to make judgements, estimates and assumptions about the classification and carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on the primary purpose of the asset or liability, use of historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements.

As at 30 June 2024, Investment Property is carried at fair value of \$117m and Property, Plant and Equipment, Land & Buildings is carried at fair value of \$25m.

The Group engages third party independent property valuers (specifically Property Advisory Limited and Added Valuation Limited) to perform their independent valuations of property held by the Group at year end to determine their fair value. There are a number of risks that can have a material impact on the Investment Property and Land & Buildings balances in the consolidated financial statements, principally:

- Valuations of property may not be performed by qualified and experienced commercial property valuers and or the methods and assumptions used may not be considered appropriate.
- The calculation of the fair value amount for each property as well as the revaluation adjustment for the year may not be correct;
- The data provided to the property valuers may not be appropriate; and
- Management's classification of property plant and equipment versus investment property may not be accurate.

### How our audit addressed the key audit matter

We evaluated the appropriateness of the fair value of the Group's property held at year end by:

- Obtained and agreed the schedule of revalued property to the respective independent valuation reports, performed by the valuation experts.
- Evaluated the qualifications and work of each valuation expert.
- Inquired about and documented the methods and assumptions used by the expert and considered the appropriateness of those assumptions and methods used, for each property valuation.
- Confirmed each property valuation was performed in accordance with the appropriate accounting standards for use in determining the carrying value of investment property or property, plant and equipment as at 30 June 2024.
- Recalculated the revaluation adjustment to be recorded for the year of each revalued property as at 30 June 2024.
- Assessed the appropriateness of data provided to the expert, for each property valuation.
- Considered the classification of property as investment property or property, plant and equipment and the adequacy of disclosures made in Note 2 Significant Accounting Judgement, Estimates and Assumptions and Note 12 Investment Properties and Note 13 Property, Plant and Equipment which sets out the key judgements and estimates including valuation techniques.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report if we conclude that there is a material misstatement, we are required to communicate the matter to those charged with governance for resolution.

### Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs

(NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-3/>

### Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body, those matters which we are required to state to them in an auditor's 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 audit work, for this report or for the opinion we have formed.

### Grant Thornton New Zealand Audit Limited



**D Alamar**  
**Partner, Auckland**  
**2 September 2024**

## Director Profiles

**DAVID CUSHING** BCom, ACA

**Executive Chairman**

David was appointed a director of REL in 2004 when REL was separated from Williams & Kettle Limited. He was appointed REL's Executive Chairman in 2012. He is a former investment banker with the BNZ and has over 20 years' experience as a director of listed companies.

David is currently an independent director for Skellerup Holdings Limited and Managing Director of private investment company H&G Limited. He has experience across a broad range of industries having previously been a director of Fruitfed Supplies Limited, Williams & Kettle Limited, ASX listed Webster Limited, Tourism Holdings Limited, Acurity Health Group Limited, PGG Wrightson Limited, Red Steel Limited and NPT Limited.

David is a member of the REL Audit, Health and Safety and Remuneration Committees.



**RODGER FINLAY** BCom, FCA, CFInstD

**Deputy Chairman**

Rodger has been a director of REL since 2008 and has extensive private and public sector governance experience. He is currently Deputy Chair of the Reserve Bank of New Zealand and a director or trustee of several other New Zealand and internationally based entities.

Previous governance roles include Chair of listed company PGG Wrightson Limited, Chair of NZ Post, Chair of the Independent Advisory Panel of the Provincial Growth Fund, Chair of New Zealand Oil and Gas Limited and Kiwi Group Holdings Limited, a director of Public Trust and ASX listed Tandou Limited, a Governor of Radio New Zealand and Audit Chair and director of Ngai Tahu Holdings. He has significant agricultural knowledge having previously part-owned and farmed a dry stock and arable operation in South Canterbury.

Rodger is a member of the REL Audit, Health and Safety and Remuneration Committees.



**NIGEL ATHERFOLD** MBS, BMS

**Director**

Nigel joined the board in 2016 and is an experienced director. In the last 15 years he has served on boards that have covered the spectrum from farming to manufacturing to consumer-branded goods, from start-ups to rapid growth to mature companies.

Nigel is currently Deputy Chair of Landcorp Farming Limited and a director of Mirika Limited, Spring Sheep Dairy NZ Management Limited, Terracostosa Limited, Hopkins Farming Group Limited and Shopping Centre Investments Limited.

The early part of his career was spent in the property finance and corporate banking areas of New Zealand's major banks before spending five years in the treasury division of the New Zealand Dairy Board. He has been self-employed since 2006 and is part-owner of an economics and treasury risk management advisory firm, TDB Advisory Limited.

Nigel is a member of the REL Audit and Health and Safety Committees.



### CORE COMPETENCIES

- |                      |                 |
|----------------------|-----------------|
| Agriculture          | Health & Safety |
| Capital Markets      | International   |
| Finance & Accounting | Risk Management |
| Governance           | Regulatory      |
| Growth               |                 |

## Additional Disclosures

### DIRECTORS AND REMUNERATION

The Directors of Rural Equities Limited (REL) on 30 June 2024 were David Cushing (Executive Chairman), Rodger Finlay (Deputy Chairman) and Nigel Atherfold.

The Directors of REL – Trust Management Limited on 30 June 2024 were David Cushing, Nigel Atherfold, Rodger Finlay and James Wright.

The Directors of New Zealand Rural Property Trust Management Limited on 30 June 2024 were David Cushing, Nigel Atherfold, Rodger Finlay and James Wright.

The Directors of REL Trustee Services Limited on 30 June 2024 were David Cushing, Nigel Atherfold, Rodger Finlay and James Wright.

The Directors of New Zealand Rural Property Trust Nominees Limited as at 30 June 2024 were David Cushing, Nigel Atherfold, Rodger Finlay and James Wright.

The table below details the remuneration received by the Directors of REL during the year ended 30 June 2024.

Name	\$
Nigel Atherfold	\$66,000
David Cushing	\$220,000
Rodger Finlay	\$110,000

No other benefits were paid or provided to the Directors of REL during the year.

The amount of remuneration paid to the Directors of REL during the financial year ended 30 June 2024 was \$396,000. The total Directors' annual fee pool, approved by REL's shareholders in 2021, is \$445,000.

REL's constitution allows for a cessation payment to be made when a Director ceases to hold office. Any payment must be approved by an ordinary resolution of REL's shareholders. No such payments are contemplated.

### ENTRIES RECORDED IN THE INTERESTS REGISTER

The following entries were recorded in the Group's Interests Register during the year ended 30 June 2024:

Nigel Atherfold is a director of Landcorp Farming Limited.

David Cushing is a director and shareholder of H&G Limited.

David Cushing is a director and shareholder of Makowai Farm Limited.

David Cushing is a director and shareholder of Seajay Securities Limited.

### Share transactions undertaken by the Directors of REL during the year ended 30 June 2024.

During the financial year ended 30 June 2024 H&G Limited (of which David Cushing is a director and shareholder) acquired 75,523 REL shares either on market or by private treaty at an average of \$5.92 per share.

### Directors' relevant interest in REL shares as at 30 June 2024.

Name	Held Beneficially	Held by Associated Persons
Nigel Atherfold	-	-
David Cushing	197,328	24,512,873
Rodger Finlay	-	729,186

No share options have been issued to the Directors of REL.

There is no requirement in REL's constitution for the Directors of REL to hold REL shares.

### Directors' indemnity and insurance

On 31 May 2023 REL renewed its Directors' and Officers' Liability insurance policy for the Group for the period 31 May 2023 to 31 May 2024. On 31 May 2024 REL renewed this policy for a further year until 31 May 2025.

### DONATIONS

REL did not make any donations during the financial year ended 30 June 2024.

### EMPLOYEES

For the year ended 30 June 2024 employees received remuneration and other benefits from REL as follows:

1 employee	\$140,000 and \$150,000
1 employee	\$250,000 and \$260,000
1 employee	\$290,000 and \$300,000
1 employee	\$300,000 and \$310,000

A portion of these employees' remuneration is a discretionary bonus, to be determined at the sole discretion of the Remuneration Committee. Historically this has not exceeded 20% of any employee's annual remuneration.

### AUDITOR

REL's auditor is Grant Thornton New Zealand Audit Limited (GT), whose initial appointment was confirmed by shareholders at REL's 2017 Annual Shareholders' Meeting. Pursuant to audit standards, as the GT partner responsible for REL's audit had completed seven years, a new GT partner was appointed to complete the 30 June 2024 audit.

Annually, REL's shareholders consider a resolution that authorises the Directors of REL to set the Auditor's remuneration.

During the year ended 30 June 2024, GT did not provide any non-audit services to the Group.

## Shareholder Information

As at 25 September 2024

### TOP TWENTY SHAREHOLDERS

Holder	Number of shares held	%
H&G Limited	24,412,349	85.94%
RGH Holdings Limited	729,186	2.57%
NZX WT Nominees Limited (Cash A/c)	427,599	1.51%
BD Cushing & JR Wright (K D Cushing Family Trust)	197,328	0.69%
Forsyth Barr Custodians Limited (1-Custody)	159,623	0.56%
Makowai Farm Limited	156,691	0.55%
Custodial Services Limited (A/c 4)	141,665	0.50%
EMA Finlay	81,436	0.29%
JH Eriksen	81,000	0.29%
BJ Cushing	76,351	0.27%
R Sami	75,476	0.27%
JR Gabor (Gabor Living Trust)	72,416	0.25%
Custodial Services Limited (A/c 12)	60,866	0.21%
AM Grace, AI Grace & PM Reese (A M Grace Family Trust)	60,139	0.21%
JB Were (NZ) Nominees Limited (NZ Resident A/c)	49,000	0.17%
Fairway Finance Limited	46,565	0.16%
DA Streeter, EB Streeter & MD Torrie (Coley Investment Trust A/c)	46,162	0.16%
JM Arthur	44,775	0.16%
BK Otto	37,684	0.13%
GN Tarr & PW Tarr (GPWM Tarr Family Trust)	37,550	0.13%

### ANALYSIS OF SHAREHOLDING BY SIZE

	Number of Shareholders	Number of shares held	%
2,000 - 4,999	114	337,561	1.19
5,000 - 9,999	57	394,008	1.39
10,000 - 49,999	41	941,090	3.31
50,000 - 99,999	7	507,684	1.79
100,000 and over	7	26,224,441	92.32
<b>Total</b>	<b>226</b>	<b>28,404,784</b>	<b>100.00</b>

### ANALYSIS OF SHAREHOLDING BY LOCATION

	Number of Shareholders	Number of shares held	%
Upper North Island	77	1,123,380	3.95
Gisborne	8	78,748	0.28
Hawke's Bay	28	24,964,948	87.89
Waikato / Bay of Plenty	24	361,979	1.27
Manawatu/Whanganui/Wairarapa	16	144,416	0.51
Wellington	19	309,682	1.09
South Island	39	1,280,608	4.51
Overseas	15	141,023	0.50
<b>Total</b>	<b>226</b>	<b>28,404,784</b>	<b>100.00</b>

## Corporate Governance

### ROLE OF THE DIRECTORS

The Directors of REL are responsible to Shareholders for the performance of the REL Group, including the setting of objectives and the strategies for achieving those objectives, identifying significant areas of business risk and implementing policies to deal with those risks, setting the overall policy framework and monitoring the continuing performance of REL and its operating subsidiaries.

The Directors of REL have delegated to the executive staff appropriate authority for the day to day management of the Group.

### BOARD MEMBERSHIP

The Directors of REL are appointed by the REL Shareholders. Profiles of the Directors of REL are set out on page 22.

The Directors of REL meet approximately seven times during the year for scheduled meetings, with additional meetings held if necessary to consider urgent issues. The REL Board has a broad mix of skills and experience relevant to the guidance of the Group's business.

### AUDIT COMMITTEE

The Directors have constituted an Audit Committee. Its responsibilities are to:

- Ensure that the Company has adequate risk management controls in place.
- Advise on accounting policies, practices and disclosure.
- Review the scope and outcome of the external audit.
- Make recommendations to the Directors on the appointment of the Auditor and the Auditor's remuneration.
- Review the annual financial statements prior to approval by the Directors.

The committee's responsibilities include REL and each of its subsidiaries.

### HEALTH AND SAFETY COMMITTEE

The Directors have constituted a Health and Safety Committee to ensure that health and safety is an integral component of the Group's everyday business. Its responsibilities are to:

- Provide leadership and policy for health and safety management within the Group.
- Advise on health and safety strategy and policy.
- Review management systems to ensure that they are appropriate to manage hazards and risks within the business.
- Monitor and review performance by specifying and receiving timely reports on incidents, investigations and resultant actions, with the assistance of internal and external audits.

### REMUNERATION COMMITTEE

The Directors have constituted a Remuneration Committee. Its responsibilities are to:

- Review and set the remuneration arrangements for the Group's three executives.
- Make recommendations to Shareholders in relation to the appropriate level of REL's Directors' fee pool.
- Make recommendations to the Directors of REL as to how the approved Directors' fee pool should be allocated.

# DIRECTORY

---

## DIRECTORS

David Cushing  
*Executive Chairman*  
Nigel Atherfold

Rodger Finlay  
*Deputy Chairman*

---

## EXECUTIVES

Brian Burrough  
*Chief Executive Officer*  
James Wright  
*Chief Operating Officer*

Shona MacLeod  
*Chief Financial Officer*

---

## REGISTERED OFFICE

Rural Equities Limited  
127 Queen Street East, Hastings  
PO Box 783, Hastings 4156  
Telephone 06 870 4672  
Email [enquiries@ruralequities.co.nz](mailto:enquiries@ruralequities.co.nz)  
Website [www.ruralequities.co.nz](http://www.ruralequities.co.nz)

---

## AUDITOR

Grant Thornton  
Level 4, Grant Thornton House, 152 Fanshawe Street  
PO Box 1961, Auckland 1140  
Telephone 09 308 2570

---

## SHARE REGISTRY

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road,  
Takapuna, Auckland  
Private Bag 92119, Auckland 1142  
Telephone 09 488 8700



*Shifting ewes - Waikoha*

